1999 2000 Annual Report

GOVERNMENT OF ALBERTA

REPORT TO ALBERTANS ON BUDGET '99, THE RIGHT BALANCE

INCLUDES: CONSOLIDATED FINANCIAL STATEMENTS, MEASURING UP — PERFORMANCE RESULTS

Alberta
GOVERNMENT OF ALBERTA

This is the report to Albertans on **Budget '99, The Right Balance**. It is a permanent public record of ALL the dollars spent and the results achieved by the Government of Alberta for the 1999-2000 fiscal year.

100-05944/

ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 2000 was prepared under my direction on behalf of the government in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at June 22, 2000 with material economic or fiscal implications have been considered in the preparation of the Annual Report.

Dr. Stephen C. West
Provincial Treasurer

The Right Balance

A MESSAGE FROM THE PROVINCIAL TREASURER

Each year, the Alberta Government assesses how well we performed on the estimates and targets that were established in the previous year's budget.

We consulted with Albertans in the fall of 1998 and asked them to rank their fiscal priorities. Albertans told us that they wanted us to pay down the debt. They told us to lower personal income taxes. And they told us to increase spending in the areas that matter most to them.

We took what Albertans said and we went to work putting together the next budget. What we achieved was the right balance – the right balance of addressing priorities while remaining fiscally prudent.

A NEW TAX PLAN

We announced our plans for major personal income tax reform in *Budget '99*. We introduced a single rate of tax on income versus the old system of tax on tax.

Tax reform in Alberta was to be phased in over three years. In September 1999, the timetable for the tax plan was accelerated by a full year. In May 2000, Bill 18, the *Alberta Personal Income Tax Act*, was passed with the rate set at 10.5 per cent. The personal and spousal exemptions were set at $12,900 each.

When fully implemented, starting January 1, 2001, Alberta will have one tax rate and it will be based on income rather than basic federal tax. With the changes, more than 190,000 low-income Albertans will not have to pay provincial taxes and collectively, Albertans will save $1.3 billion a year.

SPENDING ON ALBERTANS' PRIORITIES

We brought in significant spending increases in health and education. In 1999-2000 we spent nearly $14.5 million a day on health care. That's an increase of 15.1 per cent over last year, or an increase of nearly two million dollars a day. As a comparison, in 1982-83, our health spending was $2.438 billion, or 20.8 per cent of program spending. In 1992-93, before restructuring, it was $4.325 billion, or 26.7 per cent of program spending. And in 1999-2000, it was $5.285 billion, or 32.4 per cent of program spending.

The new money in 1999 was used for a number of priorities such as, eliminating all health authority accumulated deficits, hiring an additional 1,000 full-time permanent front-line staff, increasing the number of complex medical procedures, providing advanced medical equipment, and accelerating the construction of new long-term care beds and modernizing of other health facilities.

Students also benefited in 1999 from a funding increase of 9.2 per cent in education. Some of the areas this increase went to include increasing the basic instruction grant for students, helping students with health disabilities, and addressing the cost of increased enrollment. Also, $151 million was given to school boards to erase their deficits so that they can operate on a clean slate.

Health and education accounted for 60 per cent of government program spending in 1999-2000.

NET DEBT ELIMINATION

In 1999 we celebrated the elimination of the net debt, making us the only province in Canada that owns more than it owes. We also brought in the *Fiscal Responsibility Act*, which legislated a schedule to repay the province's remaining accumulated debt. In 1999-2000, we made a record $2.7 billion payment towards reducing our debt and increasing our financial assets, just ahead of the previous record payment in 1997-98 of $2.6 billion.

Alberta made tremendous progress on our net debt payment plan and we are in a very good financial position to move forward on our accumulated debt payment plan. Alberta started the fiscal year 2000-01 owing $12.5 billion. With further payments, our accumulated debt was approximately $11.7 billion in June 2000.

ALBERTA'S ECONOMY

In 1999 Alberta's economy grew an estimated 2.5 per cent and our three-year average annual GDP growth increased to 5.7 per cent, meeting our target range of four to six per cent. In 1999, 37,900 new jobs were created, and over the three-year period of 1997-99, 144,900 new jobs were created. Alberta also had one of the lowest unemployment rates at 5.7 per cent.

While growth brought new jobs and opportunities to Alberta, it also increased pressures on infrastructure and services. In 1999-2000, we spent almost $2 billion on infrastructure initiatives.

Budget '99 was our last budget for the old millennium. It featured an innovative tax plan, the elimination of our net debt and sizable spending increases.

It did this within responsible fiscal parameters.

Dr. Stephen C. West

Provincial Treasurer

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PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 ministries.

This annual report of the Government of Alberta contains the Provincial Treasurer's accountability statement, the consolidated financial statements of the province and in the *Measuring Up* report a comparison of the actual performance results to desired results set out in the government's business plan.

The annual reports of ministries, released in the fall of each year, contain ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministry business plan. Each ministry annual report also includes:

- financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations.
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the ministry has anything to report.
- financial information relating to accountable organizations and trust funds.

Executive Summary

1999 2000 Annual Report

GOVERNMENT OF ALBERTA

The Right Balance

In Budget '99, the government set out a plan to balance quality services, a strong economy, and a healthy environment with the commitment to fiscal responsibility. As Premier Klein stated in his February 1999 televised address to Albertans, "We must stay the course of balanced budgets and low taxes. But at the same time, we must protect our quality of life."

The primary focus of the government was to strike the right balance in six key areas:

- Fiscal responsibility
- Alberta's economy
- Health
- Education
- People
- Environment

The Government of Alberta Annual Report is comprised of two parts:

- ***Consolidated Financial Statements,*** which provide an overall accounting of the Government's revenue and spending, and assets and liabilities.
- ***Measuring Up,*** which provides a broad accounting of progress achieved on core government performance measures.

Annual reports for each ministry are published in September and provide additional detailed information on government performance.

OVERVIEW OF RESULTS

The government met the commitments made in Budget '99.

- The budget was balanced. Net debt (excluding pension obligations) was eliminated and a significant payment was made on the remaining accumulated debt.
- Alberta's economic competitiveness was improved. Taxes were reduced and personal income tax reform was accelerated. Infrastructure investment was increased in the areas of transportation, health, post-secondary education and the environment.
- Initiatives were taken to improve access to health services and strengthen the quality of our basic and post-secondary education systems. These two areas, health and education, accounted for 60% of government program spending in 1999-2000.
- Additional support was provided to Albertans in need of assistance. Emergency agriculture assistance was provided to Alberta farmers. Funding for children's services, seniors' programs and programs for the disabled was increased.

FISCAL RESPONSIBILITY

- For the sixth year in a row, the province balanced the budget and made a significant payment on its debt.
- Primarily due to higher energy prices, total revenue was $3.3 billion higher than both the 1998-99 actual and the 1999-2000 estimate in Budget '99.
- Higher revenue provided the flexibility to:
  - increase the budgeted debt payment,
  - increase funding for health, education and infrastructure,
  - accelerate the planned personal income tax reforms, and
  - increase the financial assets of the Alberta Heritage Savings Trust Fund.
- At year-end, revenue exceeded expenditure by $2.717 billion. In addition, pension obligations declined by $85 million.
- Net debt has been eliminated and the province now has net assets of $2.654 billion (excluding pension obligations).
- The new *Fiscal Responsibility Act* requires the government to eliminate the province's remaining $12.49 billion of accumulated debt by no later than 2025. Pension obligations are scheduled to be eliminated under separate legislated plans.

ALBERTA'S ECONOMY

- In 1999, Alberta's economy grew by an estimated 2.5% (real GDP) and 37,900 new jobs were created. Alberta had an unemployment rate of 5.7%.

FISCAL SUMMARY
(MILLIONS OF DOLLARS)

		1999-2000		1998-99
		Budget	Actual	Actual
1	**Revenue**	**16,837**	**20,168**	**16,882**
2	**Expense**			
3	Program	15,097	16,421	14,409
4	Debt Servicing Costs	1,090	956	1,379
5	Pension Provisions	(8)	(85)	(77)
6	Total Expense	**16,179**	**17,292**	**15,711**
7	Net Increase in Capital Assets	33	74	68
8	Net results of operations	625	2,802	1,103
9	Remove pension provisions	(8)	(85)	(77)
10	**Debt repayment/increase in financial assets**[1]	**617**	**2,717**	**1,026**
11	Net Assets (Debt)[1]	554	2,654	(63)
12	Accumulated Debt	13,626[2]	12,490	14,106

[1] Subject to the *Balanced Budget and Debt Retirement Act* and the *Fiscal Responsibility Act*.

[2] Number has been restated to reflect 1998-99 actuals.

- A new economic strategy was released in February 2000. The strategy recognizes the importance of low taxes, encourages the expansion of Alberta's knowledge-based economy, and builds on the strengths of our existing agriculture, energy and other industries.
- Growth has brought new jobs and opportunities for Albertans, but it also has increased pressures on infrastructure and services. In September 1999, the government announced it would provide an additional $600 million for infrastructure initiatives, above the approximately $1.3 billion already budgeted in 1999-2000.
- The government also committed in excess of $300 million for emergency agriculture assistance in 1999-2000 through the Farm Income Disaster Program and the Alberta Farm Income Assistance Program.

TAX REFORM

- Alberta has the lowest overall taxes in Canada. This is a key component of the Alberta Advantage – an advantage that attracts investment to the province, creates new jobs for Albertans and leaves more money in Albertans' pockets to spend on their own priorities.
- In Budget '99, the government announced it would implement a fundamental reform of provincial personal income taxes. The tax changes were to be phased in over three years. When fully implemented, Alberta would have only one 11% tax rate which would be based on taxable income rather than basic federal tax. Personal and spousal exemptions would also be increased to $11,620 each. In September 1999, the timetable for the tax plan was accelerated so it would be fully implemented by January 1, 2001 – one year ahead of schedule. In May 2000, the government announced the new single tax rate would be lowered to 10.5% and the basic and spousal exemptions would be increased to $12,900.
- In February 2000, the government also reduced or eliminated more than 100 fees, including land title fees, personal property registration fees, corporate registry fees and probate fees.

HEALTH

- In January 2000, the government announced a Six-Point Plan to protect and improve the publicly funded and administered health system.
- Total health spending increased by 15.1% over the previous year to $5.3 billion.
- To ensure that all health authorities had a sound financial basis from which to operate, the government provided one-time assistance of $216 million in 1999-2000 to eliminate any accumulated deficits, as well as reward those authorities that had managed within balanced budgets.
- Legislation was passed to put in place strong and clear rules for the protection of personal health information and for the appropriate use of information to improve patient care.
- To help ensure access to needed health services, the 1999-2000 budget provided regional health authorities with new funding to hire at least an additional 1,000 full-time permanent front-line staff. By December 31, 1999, Alberta had an increase of over 1,300 full-time positions in emergency wards, acute-care hospitals, long-term care and home care.
- Additional funding was provided: to increase the number of complex medical procedures; for advanced medical equipment; and to modernize health facilities.

- In November 1999, the final report of the Long Term Care Review was released. There was an additional infusion of about $75 million for long-term care operations and facilities in 1999-2000.
- A major review was undertaken of the programs and services provided to persons with developmental disabilities.
- A new Health Innovation Fund was created to provide funding for innovative projects in health service delivery.

LEARNING

- Education continued to be a key priority. Spending on basic and post-secondary education increased by 9.2% over last year to $4.6 billion.
- To ensure that all school boards had a sound financial basis from which to operate, the government provided one-time assistance of $151 million in 1999-2000 to eliminate any accumulated deficits, as well as reward those boards that had managed within balanced budgets.
- Additional funding was provided for programs focused on the early years of schooling.
- To address the health needs of special needs students, the Student Health Initiative was implemented in September 1999.
- Funding caps for English as a Second Language students and students with severe emotional/behavioural disabilities were removed.
- Funding for post-secondary institutions was increased to help fund spaces for new students with an emphasis on information and communications technology and apprenticeship training.
- The value of individual Alberta Heritage Scholarships and needs-based bursaries was increased.

CHILDREN AND OTHER PEOPLE SERVICES

- In response to the Premier's commitment to children, consultations were held across the province to better target and coordinate programs and services to children at risk.
- A Children's Forum was held in the fall of 1999 and the report on its findings was presented to the government in February 2000.
- A Youth Secretariat was established to identify key issues facing youth at risk and ways of addressing them.
- By the end of 1999-2000, all eighteen of the new Child and Family Services Authorities were delivering services to children and families.
- Additional funding was provided to support volume increases in the Special Needs Assistance for Seniors program.
- Benefits for the Assured Income for the Severely Handicapped (AISH) were increased and the Alberta Child Health Benefit program was expanded.

ENVIRONMENT

- Climate Change Central was established with $6 million of provincial operating funding to continue the province's unique private-public partnership efforts in reducing greenhouse gas emissions.
- Work continued in reforestation of areas burnt out in 1998 and 1999 forest fires.
- Additional infrastructure funding was provided allowing for over 160 separate municipal water and wastewater projects and for 20 small water management projects.

MEASURING UP - Achieving Goals

Each year, the government provides a broad accounting of progress achieved on core government performance measures. It takes each of the government's goals and tracks progress on a series of core performance measures to assess whether or not we are measuring up to the targets set.

PEOPLE

- *Albertans will be healthy.* – Albertans continue to enjoy good health. Life expectancy for Albertans is among the highest in the world, and there has been no increase in the percentage of Albertans rating their health as "fair" or "poor".
- *Our children will be well cared for, safe, successful at learning and healthy.* – Fewer Alberta children are economically disadvantaged compared to children in other provinces, based upon the Market Basket Measure of low income.
- *Alberta students will excel.* – Alberta ranked third among the provinces in terms of high school completion for Albertans aged 25 to 34. Alberta students continue to perform well on cross-Canada achievement tests.
- *Albertans will be independent.* – Overall average annual family incomes are increasing and fewer Alberta families had incomes of less than $20,000 in 1998. Also, Alberta grade 9 students continue to do well on language arts provincial achievement tests.

PROSPERITY

- *Alberta will have a prosperous economy.* – Alberta enjoyed strong economic growth last year with both Gross Domestic Product (GDP) and the number of jobs increasing. Alberta's three-year average annual GDP growth rate remained above that of Canada, and we are nearing our four-year target of 155,000 new jobs by December 2000.
- *Our workforce will be skilled and productive.* – The majority of Alberta employers are satisfied with the skill levels of recent degree and diploma graduates, and Alberta's labour productivity remains the highest among the provinces.
- *Alberta's value-added industries will lead economic growth.* – Alberta's manufacturing sector accounted for an increased share of Alberta's economy in 1998, and Alberta's knowledge intensive service industries have experienced strong growth.
- *Alberta will have effective and efficient infrastructure.* – Alberta's infrastructure system has generally been able to accommodate increased demand pressures from strong economic growth. Most of the National Highway System in Alberta still provides reasonable traffic flow, gas pipelines are able to accommodate throughput demand, and industry and non-profit organizations are able to access the knowledge base of Alberta's university research system.
- *Alberta will have a financially stable, open and accountable government.* – The Alberta government continues to maintain a strong financial position. The cost of government compared to other provinces remains low, the overall tax burden on persons is the lowest in Canada, our provincial credit rating is the

highest among the provinces, and Alberta's net debt has been eliminated. However, Alberta still has accumulated debt.

- *Alberta will have a fair and safe work environment.* – Alberta is doing well in maintaining a fair and safe work environment with the second lowest number of person-days lost to workplace disputes and the lowest rate for days lost to injury and disease among the provinces.
- *Alberta businesses will increase exports.* – Alberta experienced a strong rebound in the value of international commodity exports in 1999.

PRESERVATION

- *Alberta will be a safe place to live and raise families.* – The gap between Alberta's crime rates and the national rate continues to widen, although Alberta had the lowest rates among the western provinces last year. Youth crime rates have generally declined.
- *Alberta's natural resources will be sustained.* – Alberta's renewable resources (forests, land) are being managed on a sustainable basis. Annual timber harvests are within the annual allowable cost, and land productivity increased last year.
- *The high quality of Alberta's environment will be maintained.* – The overall quality of Alberta's environment remains good. There were no days of poor air quality last year, water quality downstream of Calgary and Edmonton has improved over the past few years, and land productivity exceeded our target.
- *Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.* – Albertans continue to have the opportunity to enjoy the province's parks and historic sites as visitation has remained relatively constant over the past few years.
- *Alberta will work with other governments and maintain its strong position in Canada.* – The Alberta government maintained a high approval rating on federal-provincial relations.

Additional information on performance measures tracked by various ministries will be provided in their annual reports, available in the fall.

FINANCIAL RESULTS - Managing the Dollars

As a result of strong energy prices, the government was able to make a large payment on its debt and provide additional funding for key priorities of Albertans in 1999-2000.

The government continued to consider carefully the long-term affordability of its programs. Alberta is faced with a situation that is unique among governments in Canada. Alberta's average annual revenue growth, over most of the last decade, has been similar to that in other provinces. However, revenue has fluctuated dramatically from year to year.

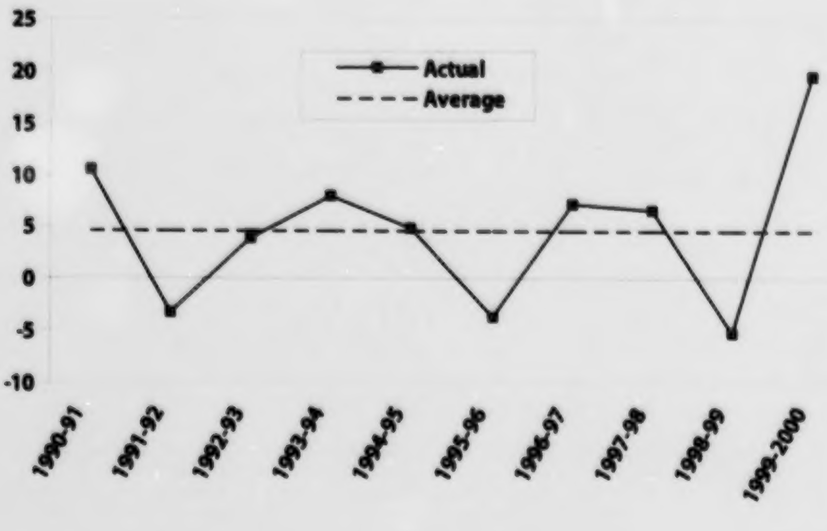
This creates a difficult challenge, not only in forecasting revenue, but also in ensuring spending plans remain affordable. Long-term spending plans cannot be based on short-term revenue windfalls. The government must be prudent in both its revenue forecasting and in the spending commitments it makes for future years.

DEBT REPAID AND FINANCIAL ASSETS INCREASED

Higher energy prices allowed the government to make a larger than expected payment on its outstanding debt. In 1999-2000, the government was able to repay debt and increase financial assets by $2.7 billion. As a result, net debt (excluding pension obligations) was eliminated and the Province ended the year with net assets of $2.654 billion, excluding pension obligations.

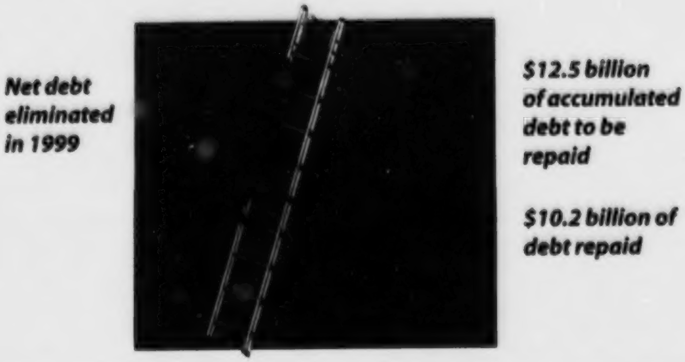
Over the last six years, over $10 billion of debt has been repaid. This has allowed debt servicing costs to decline from the peak of $1.75 billion in 1994-95 to only $956 million in 1999-2000 – a reduction of nearly $800 million in annual debt servicing costs.

Revenue Fluctuations, 1990-91 to 1999-2000
(per cent change)



Climbing Out of Debt

(March 31, 2000)


Net debt eliminated in 1999
$12.5 billion of accumulated debt to be repaid
$10.2 billion of debt repaid

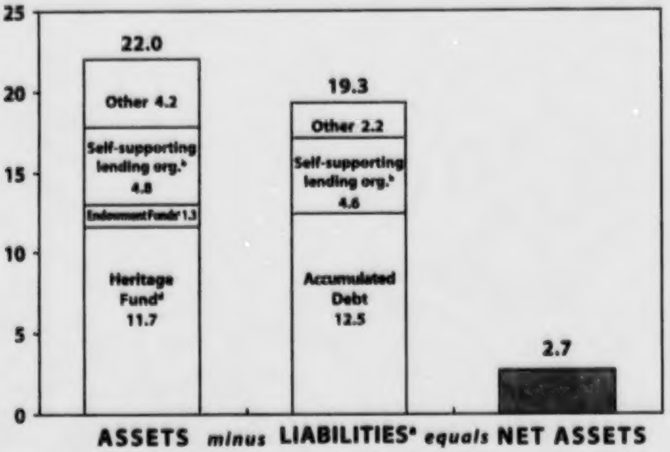
At March 31, 2000, the province had $12.49 billion of accumulated debt to repay. In April 2000, shortly after the 1999-2000 fiscal year ended, the province repaid an additional $470 million of accumulated debt from cash assets. Further payments have been made since then, reducing the accumulated debt to approximately $11.7 billion as of June 2000.

The province also increased its financial assets in 1999-2000. $230 million was allocated to the Alberta Heritage Savings Trust Fund, increasing its external investments to $11.7 billion. The value of the Alberta Heritage Foundation for Medical Research Endowment Fund and the Alberta Heritage Scholarship Fund was also increased by $175 million, bringing their combined value to over $1.3 billion. Alberta Treasury Branches recorded net income of $229 million in 1999-2000, bringing its net equity to $273 million.

Net Worth (Balance Sheet)[a]

at March 31, 2000

(billions of dollars)



[a] Excludes pension obligations of $4.728 billion which are scheduled for elimination under a separate plan.

[b] Alberta Municipal Financing Corp., Agriculture Financial Services Corp., Alberta Opportunity Company.

[c] Includes Alberta Heritage Foundation for Medical Research Endowment Fund, and Alberta Heritage Scholarship Fund.

[d] On a consolidated basis, the Heritage Fund's total assets of $12.256 billion are reduced by the Fund's internal holdings of $598 million of General Revenue Fund and provincial corporation debt.

REVENUE REBOUNDS

After declining by over 5% in 1998-99, revenue rebounded in 1999-2000, increasing by nearly 20% or $3.3 billion. The increase was primarily due to stronger energy prices.

Average oil prices for 1999-2000 increased by US$9.46 per barrel or nearly 70% from 1998-99 to US$23.16. Natural gas prices increased by nearly 35% over the previous year to Cdn$2.66 per thousand cubic feet. As a result, non-renewable resource revenue nearly doubled, increasing by $2.3 billion to $4.65 billion. This was the highest level of non-renewable resource revenue in fourteen years.

Personal income tax revenue continued to grow, reaching $5.1 billion in 1999-2000, a 10.8% increase from the previous year. This reflected continuing strong income and employment growth in the province. However, corporate income tax revenue declined for the second year in a row to $1.3 billion, nearly 25% lower than the record high in 1997-98. The decline reflects higher tax refunds and weaker corporate profits.

Total investment income increased to $1.9 billion in 1999-2000, an 18.5% increase from 1998-99. This reflected higher capital gains and returns on investments. In 1999-2000, the net income earned on the external assets of the Alberta Heritage Savings Trust Fund was about $135 million higher than debt servicing costs paid on the province's accumulated debt.

Transfers from the government of Canada increased in 1999-2000 by 22.8% to $1.6 billion. This was due primarily to a special Canada Health and Social Transfer for health and additional farm and agriculture disaster assistance. Federal transfers account for about 8% of Alberta's total revenue.

Net income from commercial operations increased by 13.8% over the previous year to $1.6 billion. The increase reflected higher net income of the Alberta Treasury Branches, which recorded net income of $229 million. Net income from Alberta Gaming and Liquor Commission operations also increased by $70 million.

ADDRESSING ALBERTANS' PROGRAM PRIORITIES

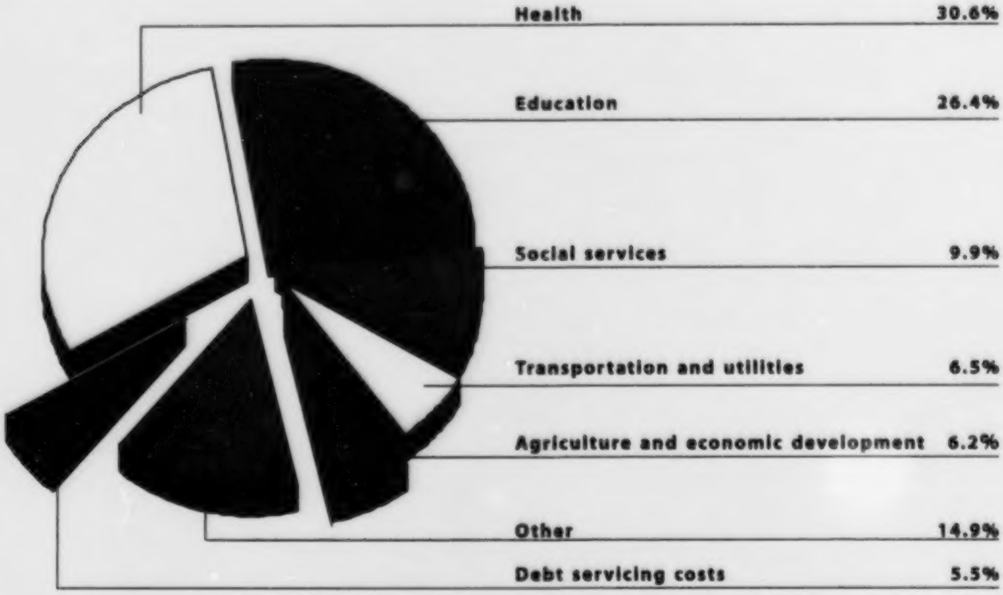
Total spending increased by 10% or nearly $1.6 billion from the previous year. About $1 billion of this increase related to one-time initiatives or extraordinary costs that occurred during the 1999-2000 fiscal year, including in-year announcements of an additional $600 million for infrastructure initiatives and $367 million for the elimination of school board and regional health authorities' deficits.

In total, the government spent $17.3 billion in 1999-2000 for programs and services and paying interest on debt. Health and education spending accounted for about 57% of total government spending (60% of program spending) in 1999-2000. Major changes in spending over the previous year on a functional basis include:

- Health – Spending increased by $692 million or 15.1% over last year to $5.285 billion. This included $216 million for the elimination of RHA accumulated deficits and about $100 million in accelerated/one-time equipment and infrastructure initiatives.
- Education – Spending increased by $383 million or 9.2% over last year to $4.558 billion. This included $151 million for the elimination of school board accumulated deficits and $38 million for accelerated/one-time post-secondary infrastructure initiatives.

- Social Services – Spending increased by $157 million or 10.1% to $1.717 billion. This included increased spending on children, seniors and programs for the disabled.
- Transportation and Utilities – Reflecting the in-year announcement of accelerated municipal transportation funding, spending increased by 72.2% or $468 million to $1.116 billion.
- Agriculture and Economic Development – Spending increased by $358 million or 49.9% to $1.076 billion. The increase was due to higher spending on agriculture assistance in 1999-2000.
- Other Programs - Spending on other programs and services declined by $54 million or 2% to $2.584 billion.
- Debt Servicing Costs – Debt servicing costs declined by $423 million or 30.7% to $956 million. This reflected the significant debt payment in 1999-2000 and lower foreign exchange valuation adjustments on debt held in US dollars. The foreign exchange valuation adjustment declined from $302 million in 1998-99 to $5 million in 1999-2000. This was due to the decline of the Canadian dollar in 1998-99 (and the maturing of a large U.S. debt note in that year) and the subsequent appreciation of the Canadian dollar in 1999-2000.

EXPENSE BY FUNCTION
(PERCENTAGE)



LOOKING AHEAD

1999-2000 was a good year for Alberta. The government met the commitments made in its *Budget '99 – The Right Balance*. Strengthening revenue provided the government the flexibility to increase its debt payment, accelerate the tax plan and provide additional funding for health, education, infrastructure and agriculture assistance.

Again next year, we will report completely and openly on what was achieved – both in achieving the goals we set and in managing the government's finances.

We will continue to review and update our performance measures to ensure they accurately reflect today's reality.

Throughout the 2000-01 fiscal year, Albertans will see regular quarterly reports on the government's fiscal situation and activities.

Consolidated Financial Statements

1999 2000 Annual Report

GOVERNMENT OF ALBERTA

Consolidated Financial Statements of the Province of Alberta

for the Year ended March 31, 2000

INTRODUCTION

The financial statements in this annual report of the Government of Alberta are consolidations of ministry consolidated financial statements, which themselves are consolidations of the financial statements of departments, regulated funds, Provincial agencies and Crown-controlled corporations, for which separate financial statements are presented in ministry annual reports. A listing of these organizations is provided in Schedule 16 to the financial statements.

The method of consolidation is described in the Accounting Policies note that forms part of the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Alberta rests with the government. The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Provincial Treasurer, as authorized by the Provincial Treasurer pursuant to the Financial Administration Act. The consolidated financial statements are prepared in accordance with the government's stated accounting policies, and of necessity include some amounts that are based on estimates and judgements. As required by the Government Accountability Act, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the Financial Administration Act, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, and Provincial agencies from ministries as necessary.

The consolidated financial statements are reviewed by the Audit Committee established under the Auditor General Act. Under the Balanced Budget and Debt Retirement Act, the Audit Committee must report publicly to the Lieutenant Governor in Council on the progress made by the government towards reducing Crown debt. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the government.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the Auditor General Act.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts, and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved on behalf of the Treasury Department:

Peter Kruselnicki, P.Eng.
Deputy Provincial Treasurer

J. D. Peters, CA
Controller

Edmonton, Alberta
June 22, 2000

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position and capital assets of the Province of Alberta as at March 31, 2000 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of Treasury Department management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and capital assets of the Province of Alberta as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1 to the consolidated financial statements.

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
June 22, 2000

Consolidated Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2000

	In millions		
	2000		**1999**
	Budget (Note 8)	**Actual**	**Actual**
Revenues (Schedule 1)			
Income taxes	$ 6,079	$ 6,355	$ 6,260
Other taxes	2,365	2,369	2,296
Non-renewable resource revenue	2,416	4,650	2,368
Investment income	1,383	1,906	1,608
Transfers from Government of Canada	1,657	1,640	1,335
Net income from commercial operations	1,330	1,573	1,382
Fees, permits and licences	1,266	1,345	1,291
Other	341	330	342
	16,837	20,168	16,882
Expenses by function (Schedules 2 and 3)			
Health	4,971	5,285	4,593
Education	4,474	4,558	4,175
Social services	1,623	1,717	1,560
Transportation and utilities	671	1,116	648
Agriculture and economic development	874	1,076	718
Regional planning and development	559	545	587
Environment and resource conservation	391	538	551
Protection of persons and property	486	501	487
Recreation and culture	270	276	272
Housing	97	99	101
General government	565	592	607
Debt servicing costs	1,090	956	1,379
Valuation adjustments (Schedule 4)	108	33	33
	16,179	17,292	15,711
Excess of revenues over expenses	658	2,876	1,171
Net increase in capital assets affecting operations (Schedule 5)	(33)	(74)	(68)
Net results of operations	$ 625	$ 2,802	$ 1,103
Under legislation, pension provisions are excluded for fiscal policy purposes (Note 2)			
Net results of operations	$ 625	$ 2,802	$ 1,103
Deduct pension provisions included in valuation adjustments	8	85	77
Net results for fiscal policy purposes	$ 617	$ 2,717	$ 1,026

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

MARCH 31, 2000

	In millions	
	2000	**1999**
Financial assets		
Cash and temporary investments (Schedule 6)	$ 1,539	$ 1,227
Accounts and accrued interest receivable	2,252	1,864
Portfolio investments (Schedule 7)	12,934	12,122
Equity in commercial enterprises (Schedule 8)	517	331
Loans and advances (Schedule 9)	4,682	4,909
Inventories held for resale (Schedule 10)	63	109
	21,987	20,562
Liabilities		
Accounts and accrued interest payable	2,439	2,059
Unmatured debt (Schedule 11)	11,777	13,075
Debt of Alberta Municipal Financing Corporation (Schedule 12)	3,563	3,788
Pension obligations (Schedule 13)	4,728	4,813
Other accrued liabilities (Schedule 14)	1,292	1,395
Equity of Alberta Municipal Financing Corporation (Schedule 12)	262	308
	24,061	25,438
Net debt	$ 2,074	$ 4,876
Net debt at beginning of year	$ 4,876	$ 5,979
Net results of operations for the year	2,802	1,103
Net debt at end of year	$ 2,074	$ 4,876
Under legislation, pension obligations are excluded for fiscal policy purposes (Note 2)		
Net debt at end of year	$ 2,074	$ 4,876
Deduct pension obligations	4,728	4,813
Net financial position for fiscal policy purposes	$ (2,654)	$ 63

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED MARCH 31, 2000

	In millions	
	2000	**1999**
Operating transactions		
Net results of operations for the year	$ 2,802	$ 1,103
Non-cash items included in net results of operations, net	(345)	83
	2,457	1,186
Decrease in equity of Alberta Municipal Financing Corporation	(46)	(23)
Other, net	(212)	(662)
Cash provided by operating transactions	2,199	501
Investing transactions		
Proceeds from disposals, repayments and redemptions of portfolio investments	6,558	7,262
Repayment of loans and advances	544	768
Portfolio investments	(7,146)	(7,594)
Loans and advances	(322)	(290)
Other, net	64	(17)
Cash provided by (applied to) investing transactions	(302)	129
Financing transactions		
Debt issues	19,062	23,970
Debt retirement	(20,647)	(24,759)
Cash applied to financing transactions	(1,585)	(789)
Increase (decrease) in cash and temporary investments	312	(159)
Cash and temporary investments at beginning of year	1,227	1,386
Cash and temporary investments at end of year	$ 1,539	$ 1,227

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Capital Assets

MARCH 31, 2000

	In millions	
	2000	**1999**
	Net Book Value (Note 5)	
General capital assets		
Land	$ 1,149	$ 1,077
Buildings	1,725	1,825
Equipment	58	58
Computer hardware and software	130	121
Other	66	73
	3,128	3,154
Infrastructure assets		
Land improvements	93	96
Provincial highways, roads and airstrips	2,864	2,826
Bridges	338	326
Dams and water management structures	836	816
	4,131	4,064
	$ 7,259	$ 7,218

The accompanying notes and schedules are part of these financial statements.

Notes to the 1999-2000 Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

These financial statements are prepared in accordance with the following accounting policies.

A) REPORTING ENTITY

These financial statements include the accounts of all government entities including the Offices of the Legislative Assembly, departments, the Alberta Heritage Savings Trust Fund, and other regulated funds, Provincial agencies and Crown-controlled corporations. A listing of these organizations is provided in Schedule 16. Accountable organizations such as universities, public colleges, technical institutes, regional health authorities and school boards are not included in the consolidated financial statements.

B) METHOD OF CONSOLIDATION

The accounts of the Offices of the Legislative Assembly, departments, regulated funds and Provincial agencies, except those designated as commercial enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and Provincial agencies designated as commercial enterprises are reported on an equity basis, the equity being computed in accordance with generally accepted accounting principles.

The year end of some Provincial agencies is other than March 31. Transactions of these agencies that have occurred during the period to March 31, 2000 and that significantly affect the consolidation have been recorded.

C) BASIS OF FINANCIAL REPORTING

Reporting the Results of Operations

The consolidated statement of operations reports revenues of the year (including proceeds from disposal of capital assets), expenses (including the cost of capital assets consumed during the year, i.e., amortization of capital assets), and the excess of revenues over expenses. The excess of revenues over expenses is then adjusted within the consolidated statement of operations for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. The net results of operations for the year is applied to reduce net debt.

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired capital property and expenses incurred in accordance with the conditions of approved grant programs, including grants for capital purposes.

NOTE 1 (continued)

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liability, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and changes in actuarial assumptions.

Pension costs which are funded are included in expenses by function and costs which have not been funded are recorded on the statement of operations as a valuation adjustment to the pension obligations.

Valuation adjustments also include obligations under guarantees and indemnities which are charged to valuation adjustments when management determines that the Province will likely be called upon to make payment. The charge represents management's estimate of future payments less recoveries.

Any adjustments to the Province's obligations to provide funding from future appropriations to school boards to enable them to repay the principal portion of debentures issued by school boards to the Alberta Municipal Financing Corporation are charged or credited to valuation adjustments.

The estimated increase or decrease for the year in accrued employee vacation entitlements is also charged or credited to valuation adjustments.

No provision is made in the financial statements for commitments, details of which are disclosed in Note 4.

Net Increase in Capital Assets Affecting Operations

The net increase in capital assets affecting operations accounts for the inclusion of the cost of capital assets acquired during the year, and the exclusion of the annual amortization provision.

Financial Assets

Financial assets are limited to financial claims on outside organizations and individuals and inventories held for resale at the year end.

Temporary investments are valued at cost or fair value, whichever is lower, on an aggregate basis.

Portfolio investments, which are investments to provide income for the long term, are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net results of operations for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Loans are recorded at cost less any unearned income and allowance for credit loss. Discounts recorded as the result of interest rate reductions given on loans to local authorities are amortized to investment income over the term of the loans.

Real estate held for resale is valued at the lower of cost and net realizable value, on an aggregate basis. Inventories representing the Province's share of royalty oil in feeder and trunk pipelines are stated at net realizable value. Other inventories are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities include all financial claims payable by the Province at the year end.

Debentures included in unmatured debt are recorded at the face amount of the issue less net unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps and forward interest rate agreements used to manage interest rate exposure is recorded as an adjustment to debt servicing costs. The exchange gain or loss on the foreign exchange contracts used to manage currency exposure is deferred and amortized over the life of the contract.

NOTE 1 (continued)

Liabilities also include the following:

- estimates of the present value of the Province's obligations for future pension contributions and/or benefits under defined benefit pension plans for provincial and other public sector employees, and certain Members of the Legislative Assembly, including deferred adjustments,
- the Province's obligation to provide funding to school boards from future appropriations to enable them to repay the principal portion of debentures issued by school boards to the Alberta Municipal Financing Corporation, and
- accrued employee vacation entitlements.

Foreign Currency

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. Exchange differences on unhedged transactions are included in the determination of net results of operations for the year.

Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, royalties derived from non-renewable resources, and provisions for pensions and loans and advances. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income; the effect on accrued royalties of the receipt of revised production data and reassessments; the effect on accrued pension obligations of actual experience compared to assumptions; and the effect on loans and advances of actual collectibility and changes in economic conditions.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Capital Assets

Capital assets of commercial enterprises or Crown-controlled corporations are included in the consolidated statement of financial position within equity in commercial enterprises. Other capital assets are not included in the Province's financial position but are reported in a separate financial statement of capital assets, with additional disclosure in Note 5.

Those capital assets in the separate financial statement are restricted to capital assets the Province acquired for cash or for other assets. Assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included. In addition, assets paid for by other parties, such as the federal government, are excluded.

The historical cost of capital assets in Note 5 is estimated and amortization is calculated on a straight line basis over the periods expected to benefit from their use, and the annual amortization is included in the expenses reported in the consolidated statement of operations. The annual amortization of the costs of capital assets is allocated to the functions of the government that employ those assets.

NOTE 2
FISCAL RESPONSIBILITY LEGISLATION

The Fiscal Responsibility Act (the Act) came into force on April 1, 1999, replacing the Balanced Budget and Debt Retirement Act, most sections of which were repealed by Proclamation on May 20, 1999. The Act requires that actual expenditure during a fiscal year, not including changes in pension obligations, must not be more than actual revenue and, during 1999-2000, actual expenditure was not more than actual revenue.

The Act also requires that starting accumulated debt, as defined, must be reduced by a specified percentage in each five year period starting the year following the elimination of Crown debt, as defined in the Balanced Budget and Debt Retirement Act, such that starting accumulated debt must be eliminated within 25 years.

Crown debt, defined so as to exclude pension obligations, was eliminated in 1999-2000, and the Act accordingly requires the calculation of starting accumulated debt at March 31, 2000, and the elimination of accumulated debt by March 31, 2025.

The table below shows how starting accumulated debt at March 31, 2000, as defined in the Act, is calculated. The comparative figures are provided for information and have no significance for purposes of the Act.

	In millions	
	2000	**1999**
Department of Treasury:		
Unmatured debt	$ 11,749	$ 13,064
Less funds on-lent to provincial corporations	(841)	(711)
	10,908	12,353
Alberta Social Housing Corporation debt	690	759
Funding obligation for school board debentures (Schedule 14)	892	994
Accumulated debt	$ 12,490	$ 14,106

NOTE 3
RISK MANAGEMENT

A) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks - interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's direct debt, excluding debt raised to fund requirements of provincial corporations and regulated funds. Debt of provincial corporations and regulated funds is managed separately in relation to their assets.

The policy guideline for interest rate risk is that Canadian dollar floating rate debt should be between 25 per cent and 50 per cent of direct debt. The policy guideline for currency exchange risk is that there be no exposure to currencies other than United States dollars. Further, the unhedged U.S. dollar debt should not exceed US$3 billion.

Credit risk relating to swaps is minimal as management deals only with the most credit worthy counterparties. The policy guideline for refinancing risk is that term debt maturities should not exceed $3.5 billion in any fiscal year, excluding early redemption of Alberta Capital Bonds and Alberta Savings Certificates.

These policies were complied with during the year.

NOTE 3 (continued)

B) ASSET MANAGEMENT

The majority of the Province's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund).

The Heritage Fund is comprised of two portfolios. The Endowment portfolio has the objective of maximizing long-term financial returns. The portfolio is comprised of 30 per cent to 50 per cent fixed-income instruments and 50 per cent to 70 per cent equities. The Transition portfolio has the objective of providing income support to the government's fiscal plan over the short to medium term. The portfolio consists mainly of Canadian fixed-income securities.

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund and the Alberta Heritage Scholarship Fund are managed to preserve the capital of the funds over time and to provide an annual level of income for grants. Alberta Municipal Financing Corporation's sinking fund is managed to repay maturing debt of the corporation.

NOTE 4
COMMITMENTS AND CONTINGENCIES

Set out below are details of commitments to outside organizations and individuals and contingencies resulting from guarantees, indemnities and litigation, other than those reported as liabilities and shown in Schedule 14.

Management considers that the contingencies will not result in any material adverse effect on the Province. Any losses arising from the settlement of contingencies are treated as current year expenses.

A) ALBERTA-METIS SETTLEMENTS ACCORD

As at March 31, 2000, the Province has a commitment of $70 million (1999 $80 million) under the Metis Settlements Accord Implementation Act. The Act requires payment of $10 million per year until 2006-07. The Province is also committed under the Act to make matching grants to settlement councils each year until 2006-07, the amounts of which cannot be determined.

B) OTHER COMMITMENTS

	In millions	
	2000	**1999**
Obligations under long-term leases, contracts and programs	$ 3,582	$ 3,949
Loans and advances approved and undisbursed	45	33
	$ 3,627	$ 3,982

Estimated payment requirements for each of the next five years and thereafter are as follows:

	In millions
2000-01	$ 1,129
2001-02	385
2002-03	229
2003-04	99
2004-05	49
Thereafter	1,736
	$ 3,627

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them. Management is of the opinion that any resulting costs would not materially affect the financial position of the Province.

NOTE 4 (continued)

C) GUARANTEES

Guarantees amounting to $465 million (1999 $621 million) are analyzed in Schedule 15.

D) CONTINGENCIES OF COMMERCIAL ENTERPRISES

The Credit Union Deposit Guarantee Corporation has a potential liability under guarantees relating to deposits of credit unions. At December 31, 1999 credit unions in Alberta held deposits totalling $5.1 billion (1998 $4.8 billion), and had assets in excess of deposits.

At March 31, 2000, Alberta Treasury Branches had a potential liability under guarantees and letters of credit amounting to $417 million (1999 $424 million). In 1998-99, Alberta Treasury Branches initiated legal actions which resulted in counterclaims aggregating $476 million. The eventual outcome of these claims and counterclaims is not determinable.

N.A. Properties (1994) Ltd. has provided guarantees of principal and interest on mortgages sold to Canadian Western Bank. The principal and interest on these mortgages totalled $23 million at March 31, 2000 (1999 $33 million).

E) LEGAL ACTIONS

At March 31, 2000, the Province was named as defendant in 35 claims (1999 28 claims) by Indian Nations and Indian Bands concerning aboriginal rights, Indian title and Treaty rights. In most cases, these claims have been filed jointly against the Province of Alberta, the Government of Canada and specified third parties. Twenty (1999 seventeen) of these claims have specified amounts totalling $107.8 billion (1999 $107.4 billion) and the other fifteen have not specified any amount. At this time the outcome of these claims is not determinable.

Also, the Province was named as defendant in 62 claims (1999 294 claims) aggregating $34 million (1999 $301 million) relating to decisions made by the Eugenics Board of Alberta pursuant to the Sexual Sterilization Act of 1928, which was repealed in 1972. Further, the Province was named as defendant in various other legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately $2.8 billion (1999 $2.0 billion). Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

NOTE 5
CAPITAL ASSETS

As capital assets are not included in the Province's financial position, the following information is provided to supplement the statement of capital assets.

Capital assets held and available for use at the end of the year are shown below by type of asset.

		In millions			
		2000			1999
	Estimated Useful Life	**Cost**	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
General capital assets					
Land	Indefinite	$ 1,149	$ -	$ 1,149	$ 1,077
Buildings	40 years	2,870	1,145	1,725	1,825
Equipment	3-10 years	181	123	58	58
Computer hardware and software	5-10 years	357	227	130	121
Other	20-50 years	178	112	66	73
		4,735	1,607	3,128	3,154
Infrastructure assets					
Land improvements	10-40 years	183	90	93	96
Provincial highways, roads and airstrips	50 years	4,512	1,648	2,864	2,826
Bridges	50 years	493	155	338	326
Dams and water management structures	25-80 years	1,004	168	836	816
		6,192	2,061	4,131	4,064
		$ 10,927	$ 3,668	$ 7,259	$ 7,218

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

Equipment includes vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

Other capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

Land improvements include parks development and grazing reserves.

Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Secondary highways are not included because they are controlled and managed by municipalities.

Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

Changes to capital assets were as follows:

	In millions	
	2000	1999
Net book value at beginning of year	$ 7,218	$ 7,215
Capital assets acquired	304	294
Amortization provision	(230)	(226)
Disposals and write-downs	(33)	(65)
Net book value at end of year	$ 7,259	$ 7,218

NOTE 6
VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accrued interest, receivables and payables, are estimated to approximate their book values. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

The fair value of unmatured debt and debt of Alberta Municipal Financing Corporation is an approximation of its fair value to the holder.

The methods used to determine the fair values of temporary investments and portfolio investments are explained in the following paragraphs.

> Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.
>
> Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
>
> The fair value of private equities is estimated by management.
>
> Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year end exchange rate.

NOTE 7
TRUST FUNDS UNDER ADMINISTRATION

Trust funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements.

At March 31, 2000, trust funds under administration were as follows:

	In millions	
	2000	**1999**
Public Sector Pension Plan Funds	$ 18,082	$ 15,203
The Workers' Compensation Board Accident Fund	2,890	2,703
Teachers' Pension Plan Funds	1,795	1,596
Public Trustee	386	352
Regional Health Authorities and various health institutions construction accounts	205	165
Special Areas Trust Account	62	62
Various Courts and Sheriffs' Offices	41	45
Miscellaneous trust funds	97	108
	$ 23,558	$ 20,234

NOTE 8
BUDGET

The budget amounts were derived from Budget '99 tabled in the Legislature on March 11, 1999.

NOTE 9
COMPARATIVE FIGURES

Certain 1999 figures have been reclassified to conform to 2000 presentation.

Schedules to the 1999-2000 Consolidated Financial Statements

REVENUES

Schedule 1

In millions

	2000		1999
	Budget	**Actual**	**Actual**
Income taxes			
Personal income tax	$ 4,334	$ 5,100	$ 4,601
Corporate income tax	1,745	1,255	1,659
	6,079	6,355	6,260
Other taxes			
School property tax	1,145	1,128	1,118
Fuel tax	570	568	547
Tobacco tax	350	339	341
Freehold mineral rights tax	98	134	112
Insurance corporations tax	119	117	101
Hotel room tax	45	48	45
Other	38	35	32
	2,365	2,369	2,296
Non-renewable resource revenue			
Natural gas and by-products royalty	1,695	2,441	1,467
Crude oil royalty	346	1,072	470
Bonuses and sales of Crown leases	430	743	463
Synthetic crude oil and bitumen royalty	43	426	59
Rentals and fees	143	141	142
Coal royalty	15	15	17
Royalty tax credit	(256)	(188)	(250)
	2,416	4,650	2,368
Investment income	1,383	1,906	1,608
Transfers from Government of Canada			
Canada health and social transfer	1,086	972	970
Canada health and social transfer - health supplement	192	192	-
Other	379	476	365
	1,657	1,640	1,335
Net income from commercial operations			
Lottery operations	770	857	772
Liquor operations	462	470	485
Other	98	246	125
	1,330	1,573	1,382
Fees, permits and licences			
Health care insurance premiums	639	653	640
Motor vehicle licences	189	200	196
Crop and hail insurance premiums	76	71	75
Other	362	421	380
	1,266	1,345	1,291
Other	341	330	342
	$ 16,837	$ 20,168	$ 16,882

EXPENSES BY MINISTRY

Schedule 2

	In millions		
	2000		1999
	Budget	Actual	Actual
Offices of the Legislative Assembly	$ 41	$ 38	$ 36
Ministries			
Health and Wellness	5,167	5,486	4,794
Learning	4,140	4,213	3,795
Infrastructure	1,306	1,868	1,242
Treasury	1,674	1,466	2,062
Human Resources and Employment	989	976	904
Agriculture, Food and Rural Development	556	781	483
Children's Services	469	506	455
Justice	405	409	399
Environment	317	446	492
Community Development	357	354	330
Gaming	179	179	186
Innovation and Science	163	170	158
Municipal Affairs	132	133	137
Resource Development	140	133	125
Economic Development	51	47	35
Government Services	46	47	51
International and Intergovernmental Relations	34	39	35
Executive Council	13	13	12
Unallocated pension provisions	-	(12)	(20)
	$ 16,179	$ 17,292	$ 15,711

EXPENSES BY OBJECT

Schedule 3

	In millions	
	2000	1999
Grants	$ 12,074	$ 10,290
Services	1,975	1,761
Interest and amortization of exchange losses	1,282	1,733
Salaries, wages, employment contracts and benefits	1,194	1,141
Amortization provision	230	226
Materials and supplies	217	175
Pension liability funding	151	135
Travel and communication	108	102
Valuation adjustments	33	33
Corporate tax interest refunds	17	98
Other	11	17
	$ 17,292	$ 15,711

VALUATION ADJUSTMENTS

Schedule 4

	In millions					
	2000				**1999**	
	Budget		**Actual**		**Actual**	
Provision for losses, doubtful accounts, loans, guarantees and indemnities	$	115	$	114	$	103
Provision for employee benefits other than pensions		1		4		15
Pension provisions		(8)		(85)		(77)
Other		-		-		(8)
	$	108	$	33	$	33

NET INCREASE IN CAPITAL ASSETS AFFECTING OPERATIONS

Schedule 5

	In millions					
	2000				**1999**	
	Budget		**Actual**		**Actual**	
Cost of capital assets acquired during the year	$	(275)	$	(304)	$	(294)
Amortization provision		242		230		226
	$	(33)	$	(74)	$	(68)

CASH AND TEMPORARY INVESTMENTS

Schedule 6

	In millions							
	2000				**1999**			
	Book Value		**Fair Value**		**Book Value**		**Fair Value**	
Fixed-income securities (a)								
Government of Canada, direct and guaranteed	$	281	$	281	$	159	$	159
Provincial, direct and guaranteed		93		93		102		103
Corporate		57		57		78		78
		431		431		339		340
Cash and cash equivalents		1,108		1,108		888		888
	$	1,539	$	1,539	$	1,227	$	1,228

a) Fixed-income securities have an average effective yield of 5.8% per annum (1999 5.0% per annum). Approximately 94% (1999 90%) of the securities have terms to maturity of less than five years.

PORTFOLIO INVESTMENTS

Schedule 7

In millions

	2000		1999	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)(b)(c)				
Government of Canada, direct and guaranteed	$ 1,712	$ 1,684	$ 2,445	$ 2,481
Provincial, direct and guaranteed	1,645	1,621	1,873	1,916
Municipal	71	71	72	75
Corporate	2,901	2,871	2,860	2,895
Pooled funds	2,792	2,684	2,280	2,265
	9,121	8,931	9,530	9,632
Equities (b)				
Canadian	1,161	1,842	911	1,370
Foreign	2,223	2,375	1,491	1,593
Real estate	429	436	190	199
	3,813	4,653	2,592	3,162
	$ 12,934	$ 13,584	$ 12,122	$ 12,794

a) The majority of the Province's fixed-income securities are managed in the Transition portfolio of the Alberta Heritage Savings Trust Fund. As at March 31, 2000, the Transition portfolio held $6.1 billion (1999 $6.9 billion) of public fixed-income securities at cost (Fair value $6.0 billion (1999 $7.0 billion)). The securities held have a weighted average effective yield of 5.8% per annum (1999 4.9% per annum) based on market for securities maturing in a year, and 6.4% per annum (1999 5.3% per annum) for securities maturing between 1 and 35 years. As at March 31, 2000, the Portfolio has the following term structure based on par:

	2000	1999
	%	%
Under 1 year	16	10
1 to 5 years	64	56
6 to 10 years	19	33
Over 10 years	1	1

b) The Alberta Heritage Savings Trust Fund uses index swaps and interest rate swaps to enhance return and for hedging risks. As at March 31, 2000, the notional amount of index swaps and interest rate swaps issued by the Heritage Fund amounted to $1.4 billion (1999 $1.5 billion).

c) Fixed-income securities include $231 million (1999 $204 million) of sinking fund investments which are restricted for the settlement of debt issues of Alberta Municipal Financing Corporation.

EQUITY IN COMMERCIAL ENTERPRISES

Schedule 8

	In millions	
	2000	**1999**
Accumulated surpluses		
Accumulated surpluses at beginning of year	$ 238	$ 129
Total revenue	3,002	2,792
Total expenditure	1,428	1,411
Net revenue	1,574	1,381
Net transfers to departments and other adjustments	1,330	1,272
Accumulated surpluses at end of year	$ 482	$ 238
Represented by		
Assets		
Loans	$ 8,925	$ 8,037
Investments (a)	150	200
Other	1,844	1,640
Total assets	10,919	9,877
Liabilities		
Accounts payable	355	416
Deposits	9,925	9,022
Unmatured debt	157	200
Pension obligations	-	1
Total liabilities	10,437	9,639
	$ 482	$ 238
Accumulated surpluses at end of year		
Alberta Treasury Branches	$ 273	$ 44
Alberta Gaming and Liquor Commission	141	130
Credit Union Deposit Guarantee Corporation	67	63
N.A. Properties (1994) Ltd.	1	-
The Alberta Government Telephones Commission	-	1
	482	238
Elimination of inter fund/agency balances	35	93
Equity in commercial enterprises at end of year	$ 517	$ 331

a) Investments include $150 million (1999 $200 million) of sinking fund notes which are restricted for the settlement of debt issues of The Alberta Government Telephones Commission.

LOANS AND ADVANCES

Schedule 9

	In millions 2000	*In millions* 1999
Loans and advances made under the authority of:		
Alberta Municipal Financing Corporation Act (a)	$ 3,538	$ 3,669
Agriculture Financial Services Act (b)	713	672
Farm Credit Stability Act	185	290
Alberta Heritage Savings Trust Fund Act	154	150
Alberta Opportunity Fund Act	128	117
Alberta Housing Act	44	47
Financial Administration Act	14	51
	4,776	4,996
Less allowance for doubtful accounts	94	87
	$ 4,682	$ 4,909

a) Municipal loans on average yield 9.8% per annum (1999 10.1%) and have the following term structure as at March 31, 2000.

	2000 %	1999 %
Under 1 year	1	1
1 to 5 years	25	24
6 to 10 years	42	42
Over 10 years	32	33

b) Agricultural loan portfolios on average yield 7.5% to 7.8% per annum (1999 6.7% to 7.6%) and have the following term structure as at March 31, 2000.

	2000 %	1999 %
Under 1 year	2	3
1 to 5 years	8	7
6 to 10 years	22	22
Over 10 years	68	68

INVENTORIES HELD FOR RESALE

Schedule 10

	In millions 2000	 1999
Royalty oil	$ 49	$ 33
Other inventories for resale	14	16
Real estate held for resale	-	60
	$ 63	$ 109

UNMATURED DEBT

Schedule 11

	In millions 2000 Effective Rate (a)(b)(c)	 Modified Duration (d)	 Book Value (a)	 Fair Value (a)	 1999 Book Value (a)	 Fair Value (a)
	%	years				
Direct debt						
Canadian dollar debt and fully hedged foreign currency debt						
Floating rate and short-term fixed rate debt (e)	5.6	0.3	$ 2,286	$ 2,362	$ 3,510	$ 3,555
Fixed rate long-term debt (f)	7.3	4.7	5,246	5,611	5,222	5,976
	6.7	3.4	7,532	7,973	8,732	9,531
Unhedged U.S. dollar debt (g)						
Floating rate and short-term fixed rate debt (e)	6.9	0.2	2,942	3,019	2,364	2,469
Fixed rate long-term debt	6.2	2.4	1,213	1,209	1,883	2,105
	6.7	0.8	4,155	4,228	4,247	4,574
Total direct debt	6.7	2.5	11,687	12,201	12,979	14,105
Alberta Social Housing Corporation Canadian dollar fixed rate debt			90	90	96	96
Total unmatured debt			$ 11,777	$ 12,291	$ 13,075	$ 14,201

a) Book value represents the amount the Province owes. Fair value is an approximation of market value to the holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

b) Weighted average effective rates on unhedged U.S. dollar debt are based upon debt stated in U.S. dollars.

c) Weighted average effective rate on total direct debt is on debt inclusive of deferred exchange gains and losses on unhedged U.S. dollar debt (see note (g)).

Schedule 11 (continued)

d) Modified duration is the weighted average term to maturity of a security's cash flows (i.e., interest and principal) and is a measure of price volatility; the greater the modified duration of a bond, the greater its percentage price volatility.

e) Floating rate debt includes short-term debt, term debt with less than one year remaining to maturity, and term debt with interest rate reset within a year.

f) Canadian dollar fixed rate debt includes $679 million (1999 $679 million) held by the Canada Pension Plan Investment Fund.

g) Unhedged U.S. dollar debt is translated into Canadian dollars at the March 31 noon exchange rate of 1.4535 per U.S. dollar (1999 $1.5092 per U.S. dollar). Deferred exchange gains on unhedged U.S. dollar debt amounted to $5 million at March 31, 2000 (1999 deferred losses of $149 million). Amortization of deferred exchange losses amounted to $5 million for the year ended March 31, 2000 (1999 $302 million).

Debt principal repayment requirements at par in each of the next five years, including short-term debt maturing in 2000-01, and thereafter are as follows:

2000-01	$2,340 million (includes U.S. $800 million unhedged)
2001-02	$1,416 million (includes U.S. $355 million unhedged)
2002-03	$1,420 million (includes U.S. $806 million unhedged)
2003-04	$1,695 million (includes U.S. $500 million unhedged)
2004-05	$1,191 million (includes U.S. $209 million unhedged)
Thereafter	$3,742 million (includes U.S. $188 million unhedged)

Some of the direct debt has call provisions. Years to maturity reflect original maturity date and not early call date. Debt with call provisions occurring in under one year is $611 million (1999 $450 million), and in one to five years is $74 million (1999 $285 million).

Derivative financial instruments

The Province uses interest rate swaps and currency rate swaps and contracts to manage the interest rate risk and currency exposure associated with unmatured debt. In addition, forward interest rate agreements may be used to manage interest rate exposure in the short term. Associated with these instruments are credit risks that could expose the Province to potential losses. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit exposure to counterparties is insignificant in relation to the notional principal amount, as shown in the table below. The Province minimizes its credit risk associated with these contracts by dealing with only the most credit worthy counterparties.

Interest rate swaps involve the exchange of a series of interest payments, either at a fixed or floating rate, based upon a contractual or notional principal amount. An interest rate swap agreement based upon a notional amount involves no exchange of underlying principal. The notional amount serves as the basis for determining the exchange of interest payments. At March 31, 2000, interest rate swap agreements were being used primarily to convert fixed interest rate payments to floating rates.

Cross currency interest rate swaps involve both the swapping of interest rates and currencies.

Schedule 11 (continued)

Currency rate swaps including foreign exchange contracts involve an agreement to exchange United States dollars and other currencies into Canadian and United States dollars at an agreed upon rate and on an agreed settlement date.

The following table summarizes the Province's derivative portfolio and related credit exposure:

Notional amount: represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Replacement cost: represents the cost of replacing, at current market rates, all contracts which have a positive market value.

	In millions			
	2000		**1999**	
	Notional Amount	**Replacement Cost**	**Notional Amount**	**Replacement Cost**
Interest rate swaps	$ 3,409	$ 44	$ 3,175	$ 263
Cross currency interest rate swaps	998	7	1,037	41
Currency rate swaps including foreign exchange contracts (stated in Canadian dollars)	332	40	-	-
	$ 4,739	$ 91	$ 4,212	$ 304

DEBT AND EQUITY OF ALBERTA MUNICIPAL FINANCING CORPORATION

Schedule 12

	In millions	
	2000	**1999**
Alberta Municipal Financing Corporation		
Canadian dollar fixed rate debt (a)	$ 3,563	$ 3,788
Equity (b)	$ 262	$ 308

a) Canadian dollar fixed rate debt includes $3,098 million (1999 $3,317 million) held by the Canada Pension Plan Investment Fund and has the following characteristics as at March 31, 2000 (see Schedule 11 note (a)).

Fair value	$4,503 million (1999 $5,286 million)
Effective rate per annum	12.1% (1999 12.0%)

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2000-01, are as follows:

2000-01	$442 million
2001-02	$331 million
2002-03	$725 million
2003-04	$441 million
2004-05	$338 million

b) Alberta Municipal Financing Corporation equity has been included in liabilities of the Province because it represents profits of the corporation which the corporation has the power to pay to municipal and other shareholders that have borrowed money from the corporation.

PENSION OBLIGATIONS

Schedule 13

Pension obligations are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services. The assumptions used in the valuations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The valuations were based upon economic assumptions, including a long-term rate of return on pension plan fund assets of 4.5 per cent over the level of price inflation for the Teachers' plan, 4.25 per cent for the Public Service Management (Closed Membership), the Public Service and the Management Employees plans, and 4.0 per cent for the other plans. The rate was based upon a long-term rate of return of 8.0 per cent per annum and price inflation of 3.5 per cent for the Teachers' plan, 7.25 per cent and 3.0 per cent respectively for the Public Service Management (Closed Membership) and the Management Employees plans, 7.5 per cent and 3.25 per cent respectively for the Public Service plan, 7.5 per cent and 3.5 per cent respectively for the Special Forces plan, and 7.25 per cent and 3.25 per cent respectively for the Universities Academic plan. Demographic assumptions used in the valuations reflect the experience of the plans.

The latest actuarial valuations were performed as at December 31, 1999 for the Public Service Management (Closed Membership) and the Management Employees plans, as at December 31, 1998 for the Universities Academic, Special Forces and Public Service plans, as at August 31, 1998 for the Teachers' plan, and as at December 31, 1997 for the Members of the Legislative Assembly plan. Except for the Public Service and Management Employees plans, these actuarial valuations indicated a deficiency of net assets over the actuarial present value of accrued benefits. Including deferred adjustments, these unfunded liabilities were extrapolated to March 31, 2000.

A separate pension plan fund is maintained for each pension plan except for the Members of the Legislative Assembly plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

	In millions	
	2000	**1999**
Obligations to pension plans for employees of organizations outside the government reporting entity		
Teachers' Pension Plan (a)	$ 3,805	$ 3,783
Universities Academic Pension Plan (b)	121	106
Special Forces Pension Plan (b)	55	8
	3,981	3,897
Obligations to pension plans for current and former employees and Members of the Legislative Assembly		
Public Service Management (Closed Membership) Pension Plan (c)	654	657
Members of the Legislative Assembly Pension Plan (d)	49	49
Management Employees Pension Plan (c)	39	32
Public Service Pension Plan (c)	5	178
	747	916
	$ 4,728	$ 4,813

Schedule 13 (continued)

a) The Alberta Teachers' Retirement Fund Board is a trustee and administrator of the Teachers' Pension Plan and operates under the authority of the Teachers' Pension Plans Act. The Act requires all teachers under contract with public and separate school jurisdictions in Alberta to contribute to the Teachers' Pension Plan.

Under the Teachers' Pension Plans Act, the unfunded liability for service credited prior to September 1, 1992 is being financed by additional contributions in the ratio of 67.35 per cent by the Province and 32.65 per cent by the teachers over the period ending August 31, 2060. In addition, for service after August 1992, the Province funds 50 per cent of any current service costs and related actuarial adjustments, including certain cost of living benefits.

The Act provides that payment of all benefits prior to September 1, 1992 is guaranteed by the Province.

b) Under the Public Sector Pension Plans Act, the Province has obligations for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For Universities Academic, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25 per cent of pensionable salaries by the Province, and such percentages by employers and employees as will fund equally the remaining amount as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For Special Forces, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45 per cent by the Province and 27.27 per cent each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

c) The Province administers defined benefit pension plans for substantially all of its employees. The plans are the Public Service Management (Closed Membership), Management Employees and Public Service pension plans. An employee can be a member of only one plan at a time.

The Public Service Management (Closed Membership) pension plan provides benefits to former members of the Public Service Management pension plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. After all assets in the plan are exhausted, all benefits under the plan will be paid by the Province.

For Management Employees, the unfunded liability for service credited prior to January 1, 1992 was being financed by additional contributions of 0.75 per cent for employees and such percentages by employers as were required to eliminate the unfunded liability over the period ending on or before December 31, 2043. The December 31, 1999 actuarial valuation disclosed an actuarial surplus for service credited prior to January 1, 1992. Current service costs are funded by employers and employees.

For Public Service, the December 31, 1998 actuarial valuation disclosed an actuarial surplus for service credited prior to January 1, 1992. Accordingly, additional contributions by the Province ceased effective January 1, 1999. Current service costs are funded by employers and employees.

The total pension related expenses include the following components:

	In millions	
	2000	**1999**
Pension contributions for current service	$ 54	$ 49
Amortization of experience gains	(167)	(33)
	$ (113)	$ 16

Schedule 13 (continued)

d) The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date. The December 31, 1997 actuarial valuation used a discount rate of 7.5 per cent and a long term inflation rate of 3.5 per cent.

OTHER ACCRUED LIABILITIES

Schedule 14

	In millions 2000	*In millions* 1999
Guarantees, indemnities and remissions		
Credit union assistance (a)	$ 84	$ 99
Guarantees (Schedule 15)	17	22
Remissions for student loans (Schedule 15)	12	12
Other	136	127
	249	260
Future funding to school boards to enable them to repay debentures issued to the Alberta Municipal Financing Corporation	892	994
Vacation entitlements	133	128
Other	18	13
	$ 1,292	$ 1,395

a) The Province has agreed to indemnify and fund interest to the extent necessary on $335 million of debentures issued by S C Financial Ltd. to credit unions in exchange for stabilization preferred shares of the credit unions. The indemnity will expire on October 31, 2010.

GUARANTEES (a)

Schedule 15

	In millions		
	2000	1999	Expiry Date
Farm Credit Stability Act (b)	$ 192	$ 298	2011
Alberta Housing Act	121	153	2018
Agriculture Financial Services Act	59	65	Ongoing
Student Loan Act	57	74	Ongoing
Feeder associations	50	46	Ongoing
Agricultural Societies Act (b)	3	5	2015
Rural utilities loans	3	4	2009
Alberta Opportunity Fund Act	3	3	Ongoing
Centre for Engineering Research Inc.	3	3	2005
Securities Act	2	2	Ongoing
University of Calgary	1	1	2016
Banff Centre for Continuing Education	-	1	(c)
	494	655	
Less: Estimated liability (Schedule 14)			
Guarantees	17	22	
Remissions for student loans	12	12	
	29	34	
	$ 465	$ 621	

a) Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

No new program guarantees are being issued under the Farm Credit Stability Act. After October 29, 1999, no new program guarantees are being issued under the Rural Utilities Act.

Guarantee programs under the following Acts are ongoing:

- Agriculture Financial Services Act,
- Student Loan Act (authorized guarantee limit set by Order in Council is $400 million),
- Feeder Associations Guarantee Act (authorized guarantee limit set by Order in Council is $55 million),
- Agricultural Societies Act (authorized guarantee limit set by statute is $50 million - no guarantees were given under this program during 1999-2000),
- Alberta Opportunity Fund Act, and
- Securities Act (the guarantee has no expiry date).

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus two per cent.

b) The expiry date shown is the latest expiry date for guaranteed loans under the program.

c) The loan has been repaid.

LISTING OF ORGANIZATIONS

Schedule 16

The financial statements of the following organizations are consolidated in these financial statements:

Offices of the Legislative Assembly
Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner

Departments
Agriculture, Food and Rural Development
Children's Services
Community Development
Economic Development
Environment
Executive Council
Gaming
Government Services
Health and Wellness
Human Resources and Employment
Infrastructure
Innovation and Science
International and Intergovernmental Relations
Justice
Learning
Municipal Affairs
Resource Development
Treasury

Revolving Funds
Education Revolving Fund (b)
Gas Alberta Operating Fund (b)
Public Works, Supply and Services Revolving Fund (b)

Regulated Funds
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Crop Reinsurance Fund of Alberta
Environmental Protection and Enhancement Fund
Historic Resources Fund
Lottery Fund
Science and Research Fund (a)
Supplementary Retirement Plan Reserve Fund
Utility Companies Income Tax Rebates Fund (a)
Victims of Crime Fund

Schedule 16 (continued)

Provincial Agencies

Agriculture Financial Services Corporation
Alberta Agricultural Research Institute
Alberta Alcohol and Drug Abuse Commission
Alberta Dairy Control Board
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
The Alberta Historical Resources Foundation
Alberta Informatics Circle of Research Excellence Inc.
Alberta Motion Picture Development Corporation (b)
Alberta Municipal Financing Corporation
Alberta Oil Sands Technology and Research Authority
Alberta Opportunity Company
Alberta Pensions Administration Corporation
Alberta Petroleum Marketing Commission
Alberta Research Council (a)
Alberta Research Council Inc.
Alberta Science, Research and Technology Authority
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Special Waste Management Corporation (b)
Alberta Sport, Recreation, Parks and Wildlife Foundation
Awasak Child and Family Services Authority
Calgary Rocky View Child and Family Services Authority
Child and Family Services Authority - 13
Child and Family Services Authority - 14
Diamond Willow Child and Family Services Authority
Edmonton Community Board for Persons with Developmental Disabilities
The Government House Foundation
Hearthstone Child and Family Services Authority
Human Rights, Citizenship and Multiculturalism Education Fund
Keystone Child and Family Services Authority
Ma'Mowe Capital Region Child and Family Services Authority
Metis Settlements Child and Family Services Authority
Michener Centre Facility Board
Natural Resources Conservation Board
Neegan Awas'sak Child and Family Services Authority
Persons with Developmental Disabilities Calgary Region Community Board
Persons with Developmental Disabilities Central Alberta Community Board
Persons with Developmental Disabilities Foundation
Persons with Developmental Disabilities Northeast Alberta Community Board
Persons with Developmental Disabilities Northwest Alberta Community Board
Persons with Developmental Disabilities Provincial Board
Persons with Developmental Disabilities South Alberta Board
Ribstone Child and Family Services Authority
Sakaigun Asky Child and Family Services Authority
Sakaw-Askiy Child and Family Services Authority
Silver Birch Child and Family Services Authority
Southeast Alberta Child and Family Services Authority

Schedule 16 (continued)

Provincial Agencies (continued)
Sun Country Child and Family Services Authority
West Yellowhead Child and Family Services Authority
The Wild Rose Foundation
Windsong Child and Family Services Authority

Non-commercial Crown-controlled Corporation
Alberta Insurance Council

The following organizations are accounted for on the equity basis in these financial statements:

Commercial Enterprises
Alberta Gaming and Liquor Commission
The Alberta Government Telephones Commission
Alberta Treasury Branches
Credit Union Deposit Guarantee Corporation
N.A. Properties (1994) Ltd.

Commercial Crown-controlled Corporations
Chembiomed Ltd. (b)
Gainers Inc.

a) Privatized, wound up or ceased operations in 1999-2000.

b) Privatized, wound up or ceased operations in 1998-99.

Measuring Up

1999 2000 Annual Report

GOVERNMENT OF ALBERTA

Measuring Up

ABOUT MEASURING UP . . .

This is the sixth annual *Measuring Up* report on the performance of the Government of Alberta. The results reported relate to the Government's Business Plan published as part of *Budget '99 - The Right Balance.*

PURPOSE OF THE REPORT

Measuring Up is an accountability document required under section 10 of the *Government Accountability Act.* It provides a report to Albertans on the results achieved compared to the targets set out in the Government Business Plan.

THE CORE MEASURES

Measuring Up contains 26 core performance measures related to 18 government goals.

Measures are reported for each of the government's three core businesses: People, Prosperity and Preservation. **The goals are taken from the 1999-2002 Government Business Plan (see Appendix II).**

MINISTRY MEASURES

Each government ministry has a set of key performance measures that relate to their business plan goals and objectives. Ministry measures provide more detailed information on specific program performance and can help diagnose problem areas. These measures are reported in ministry annual reports released in the fall of each year. They provide information on results achieved in ministry programs and services. A compilation of key ministry measures as they relate to the government's goals is found in Appendix III.

CROSS-GOVERNMENT INITIATIVES

Each year, the government business plan focuses on four key cross-government initiatives. The 1999-2000 initiatives are the Alberta Children's Initiative, the Corporate Human Resource Development Strategy, Knowledge and Innovation, and Capital Planning.

The cross-government initiatives engage people from various ministries in finding innovative, effective and productive ways of meeting people's needs. This cooperative approach recognizes the reality that many issues are not isolated to a single ministry.

Information on the government's progress in relation to the goals established for each of these initiatives can be found in Appendix IV.

AN INVITATION TO RATE OUR PERFORMANCE

After reading *Measuring Up*, please tell us what you think about it. A readership survey is provided for you to mail or fax to us. You can also contact us by e-mail at measuringup@treas.gov.ab.ca.

Measuring Up

PERFORMANCE SUMMARY

This report provides information on the Alberta government's progress in relation to its goals in each of the three core businesses: People, Prosperity and Preservation.

For 1999-2000, the government's agenda focused on:

- maintaining fiscal balance between continuing to pay down the debt and needed spending;
- strengthening Alberta's economic and tax advantages;
- improving accessibility to needed health services and continuing to search for better ways of doing things;
- people development - with a focus on children and education, and
- addressing environmental pressures from a growing economy and population.

This agenda was reflected in the government's 1999-2002 business plan goals, priorities and strategies.

Good results have been achieved in . . .

- **Life Expectancy at Birth** - In 1999, Alberta females had a life expectancy of 81.8 years, and for males, it was 76.8 years (based on preliminary estimates).
- **Literacy and Numeracy Levels** - 88% of Alberta grade 9 students writing the provincial achievement test in 1999 met the acceptable standard in language arts, bettering provincial expectations.
- **Family Income Distribution** - In 1998, the percentage of Alberta families with incomes less than $20,000 decreased by 1.6 percentage points to 7.4%.
- **Gross Domestic Product** - Three year average annual growth rate of 5.7% in 1999.
- **Job Growth** - 37,900 net new jobs were created in 1999 bringing the total to 144,900 over the past three years. The four year target is 155,000 new jobs by December 2000.
- **Cost of Government** - Alberta government per capita expenditure decreased slightly to 90% of the average per capita expenditure of the other nine provinces.
- **Taxation Load** - Alberta's provincial tax load on persons is the lowest in Canada.
- **Provincial Credit Rating** - Alberta's blended credit rating was the highest of all Canadian provinces.
- **Net Debt** - Net debt (excluding pension obligations) was eliminated in 1999-2000.
- **Export Trade** - The value of international commodity exports increased 11.3% to $34.5 billion in 1999.
- **Air Quality** - No days of poor air quality were reported in 1999.
- **Land Quality** - Land productivity, expressed as crop yield per acre, has improved to 1.02 tonnes/acre bettering the target of 0.98 tonnes per acre.
- **Intergovernmental Relations** - In 1999, Alberta's approval rating on federal-provincial relations increased by 5 percentage points over that of the four-province average.

Areas for improvement include . . .

- **Access to Health Services** - In 2000, 7% of Albertans rated their ease of access to health services as "very difficult".
- **Literacy and Numeracy Levels** - In 1999, 72% of grade 9 students writing the mathematics achievement test attained the acceptable standard, below provincial expectations of 85%.
- **Net Debt** - Net debt has been eliminated, but Alberta still has an accumulated debt of $12.5 billion.
- **Crime Rate** - In 1998, Alberta's violent crime rate and the property crime rate was above the Canadian rate.
- **Water Quality** - Water quality tends to be lower downstream of areas of significant urban, industrial or agricultural development.

CHANGES IN RESULTS FROM PREVIOUS YEAR

The table on the next page summarizes the changes in results from the 1998-99 report for the 26 core measures. References to business plan targets are provided as information only. The 26 core measures are grouped according to the 18 business plan goals and the government's three core businesses: People, Prosperity and Preservation.

Implementation of Alberta's performance measurement system is a work in progress. We recognize that to serve the public's information needs well and to assist decision makers in their public policy and budget deliberations, we need to continuously improve the system.

Changes in Results from Previous Year*

PEOPLE

Goals	Measures		Results
Albertans will be healthy.	***Life Expectancy at Birth***	▬	1999 preliminary estimates for Alberta females of 81.8 years, and 76.8 years for males.
	Health Status	▬	No change in percentage rating their health as "fair" or "poor".
Our children will be well cared for, safe, successful at learning and healthy.	***Economic Status of Children***	*New*	In 1997, Alberta had the highest percentage of children living in families with incomes above the Market Basket Measure low income line, compared to the other provinces.
Alberta students will excel.	***Educational Attainment***	*New*	In 1999, 87.5% of Albertans aged 25-34 had completed high school and 55.4% had completed post-secondary.
Albertans will be independent.	***Literacy and Numeracy Levels***	▬	In 1999, 88% achieved the language arts standard. 72% achieved the mathematics standard, below our expectations of 85%.
	Family Income Distribution	⇧	In 1998, the percentage of Alberta families with incomes less than $20,000 decreased by 1.6 percentage points to 7.4%.
Albertans not expected to support themselves fully will receive help.	***Albertans Needing Help***		Measure under development.

PROSPERITY

Goals	Measures		Results
Alberta will have a prosperous economy.	***Gross Domestic Product***	⇧	Three-year average annual GDP growth increased to 5.7% in 1999, meeting our target range of 4-6%.
	Job Growth	⇧	37,900 new jobs in 1999 and 144,900 over the period 1997-99.
Our workforce will be skilled and productive.	***Skill Development***	*New*	86.5% of employers satisfied with skill levels of new degree and diploma graduates, but below target of 90%.
Alberta businesses will be increasingly innovative.	***Business Innovation***		Measure under development.
Alberta's value-added industries will lead economic growth.	***Value-Added Industries***	*New*	Manufacturing accounted for 10.2% of GDP in 1998.
Alberta will have effective and efficient infrastructure.	***Infrastructure Capacity***	*New*	89.1% of the National Highway System at level of service B or better. Industry and non-profit accounted for 31.6% of sponsored research at universities. Export gas pipeline utilization at 98%.
Alberta will have a financially stable, open and accountable government.	***Cost of Government***	▬	Per capita spending decreased slightly to 90% of the average of the other nine provinces, bettering the target of 95%.
	Taxation Load	▬	Lowest overall tax burden on persons, and second lowest personal income tax rate after Ontario.
	Provincial Credit Rating	▬	Highest credit rating among Canadian provinces.
	Net Debt (Accumulated Debt)	⇧	Net debt, excluding pension obligations, was eliminated.
Alberta will have a fair and safe work environment.	***Workplace Climate***	▬	1.2 person days per 10,000 worked lost to work stoppages. 31.8 person days lost to injury and disease.
Alberta businesses will increase exports.	***Export Trade***	⇧	Commodity exports increased by 11.3% to $34.5 billion in 1999.

PRESERVATION

Goals	Measures		Results
Alberta will be a safe place to live and raise families.	***Crime Rate***	⬇	In 1998, both violent and property crime rates remained above the Canadian rate by 11.2% and 8.4% respectively.
Alberta's natural resources will be sustained.	***Resource Sustainability***	▬	Timber harvest below annual allowable cut. Land productivity increased to 1.02 tonnes/acre. Non-renewable oil, gas and coal reserves are significant.
The high quality of Alberta's environment will be maintained.	***Air Quality***	▬	No days rated at "poor" or "very poor" air quality.
	Water Quality	▬	River water quality is still "excellent" to "fair"; however, water quality continues to be lower downstream of areas of significant urban, industrial, or agricultural development.
	Land Quality	⇧	Land productivity increased to 1.02 tonnes/acre in 1999.
Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.	***Heritage Appreciation***	▬	Visitation to natural and historic sites has remained relatively constant over the past few years.
Alberta will work with other governments and maintain its strong position in Canada.	***Intergovernmental Relations***	⇧	Alberta's approval rating in federal-provincial relations remained significantly higher than that of the four province average.

*
⇧ Improved performance (5% higher)
▬ No significant change from previous year
⬇ Declining performance (5% lower)

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Information

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY

In connection with the Province of Alberta's core measures and supplemental information included in the Government of Alberta Annual Report for the year ended March 31, 2000, I have:

Core Measures

1. agreed information from an external organization, such as Statistics Canada, to reports from the organization.

2. agreed information from reports that originated within the Government of Alberta to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.

3. checked that the presentation of results is consistent with the methodology stated in Appendix I.

4. checked that the time series information is comparable to stated targets and information presented in prior years.

5. checked the accuracy and completeness of core measures in relation to those presented in Budget '99.

Supplemental Information

6. agreed the information to source reports. In addition, I checked that the supporting narrative is consistent with the information.

As a result of applying the above procedures, I found the following exceptions with respect to the Non-Renewable Energy Resources component of the core measure Resource Sustainability:

1. I was unable to complete procedures numbers 2 and 3 due to the late receipt of the presented information.

2. With respect to procedure number 5, measure results are not complete when compared to the target set out in Budget '99, since there is no information on prolonging the reserve life of oil and gas.

These procedures, however, do not constitute an audit and therefore I express no opinion on the core measures and supplemental information included in the Government of Alberta Annual Report for the year ended March 31, 2000.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
June 22, 2000

People

1999 2000 Annual
Report

GOVERNMENT OF ALBERTA

People

Helping people to be self-reliant, capable and caring through:

- a healthy society and accessible health care
- basic support and protection for those in need
- lifelong learning
- excellent schools, colleges, universities and training institutes
- supportive families and compassionate communities

There are five government goals for the People core business, and seven performance measures. Overall, one measure showed improved performance, while performance remained unchanged for the other measures. The following are the 1999-2000 performance highlights for the People measures.

MEANING OF SYMBOLS

⇧	improved performance (5% higher)
–	no significant change in performance from previous year
⬇	declining performance (5% lower)

PERFORMANCE HIGHLIGHTS

– **Life Expectancy at Birth** - In 1999, the life expectancy of Alberta females was 81.8 years, and for males it was 76.8 years (based on preliminary estimates).

– **Health Status** - Between 1996 and 2000 there has been no significant change in the percentage of Albertans who rated their health as either "poor" or "fair".

New **Economic Status of Children** - In 1997, 91% of Alberta children lived in families with incomes above the Market Basket Measure low income threshold.

New **Educational Attainment** - In 1999, 87.5% of all Albertans aged 25-34 had completed high school, and 55.4% had completed a post-secondary education.

– **Literacy and Numeracy Levels** - In 1999, grade 9 language arts results remained above provincial expectations of 85%. 72% of students achieved the acceptable standard for mathematics.

⇧ **Family Income Distribution** - In 1998, the percentage of families with incomes less than $20,000 decreased 1.6 percentage points to 7.4%.

Albertans Needing Help - Proposed new measure introduced.

OPPORTUNITIES FOR IMPROVEMENT

- **Access to Health Services** - In 2000, 7% of Albertans rated their ease of access to health services as "very difficult."
- **Educational Attainment** - Although Alberta ranked third among the provinces in terms of high school completion, Alberta only ranked sixth in post-secondary completion.
- **Literacy and Numeracy Levels** - The percentage of students achieving the acceptable standard for mathematics remains below expectations.

CORE MEASURE

Life Expectancy at Birth

GOAL 1 - ALBERTANS WILL BE HEALTHY

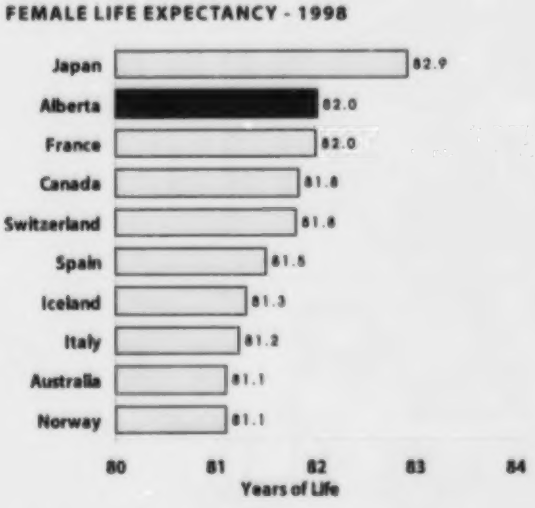
TARGET Life expectancy for Albertans of 83.0 years for females and 77.0 years for males.

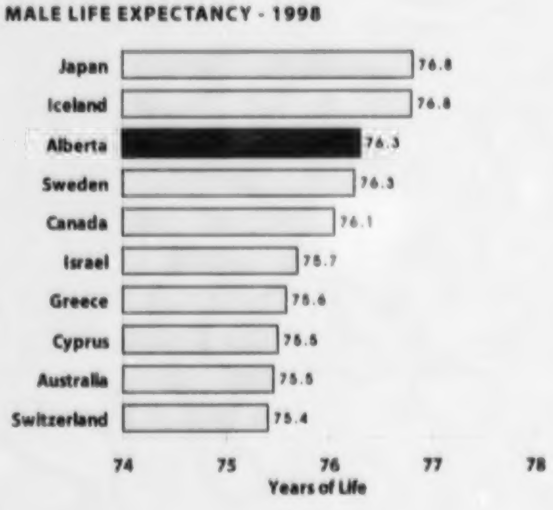
RESULTS In 1999, the life expectancy of Alberta females was 81.8 years and for males it was 76.8 years (based on preliminary estimates). Life expectancy for Albertans also ranked among the highest in the world. In 1998, life expectancy for Alberta females equalled that of France (2nd highest), and for Alberta males, equalled that of Sweden (3rd highest).

Life Expectancy at Birth is an estimate of the number of years that a person born in that year will live, based upon current mortality statistics. Life expectancy is a universally recognized indicator of the health of a population.

Long life expectancy is related to access to health care, a healthy diet, and protection from the effects of environmental, workplace or other hazards that would shorten lives (see also *Air Quality, Water Quality* and *Workplace Climate* measures). International comparisons have shown that life expectancy is also related to national wealth and economic development, the quality of the health care system and individual socio-economic status.

Life expectancy is strongly affected by infant mortality and the four major causes of death: heart disease, cancer, respiratory disease and injuries (see supplemental information). .


FEMALE LIFE EXPECTANCY - 1998


MALE LIFE EXPECTANCY - 1998

Source: Statistics Canada, Health Statistics Division, Births and Deaths 1998; World Health Organization, The World Health Report 1999.

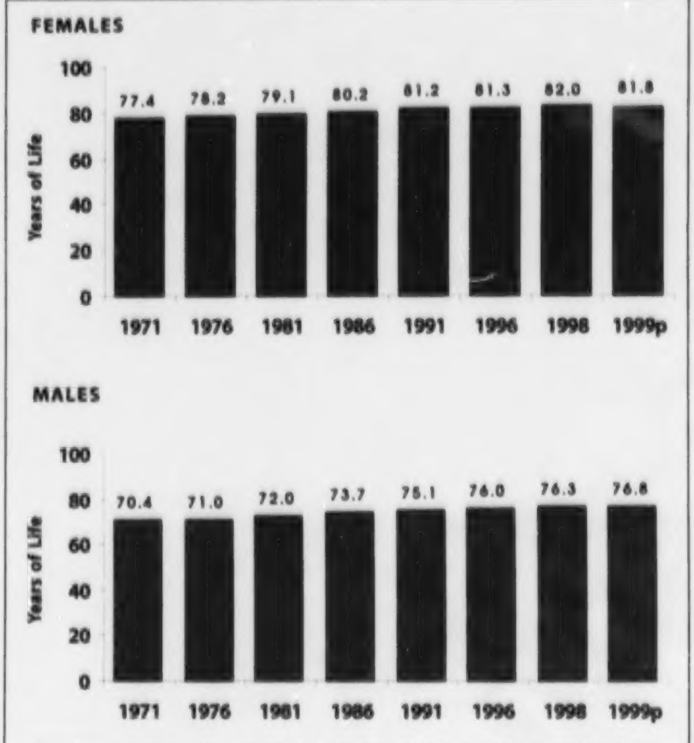
For more information, see the related ministry measures listed in Appendix III.

Life Expectancy at Birth

SUPPLEMENTAL INFORMATION

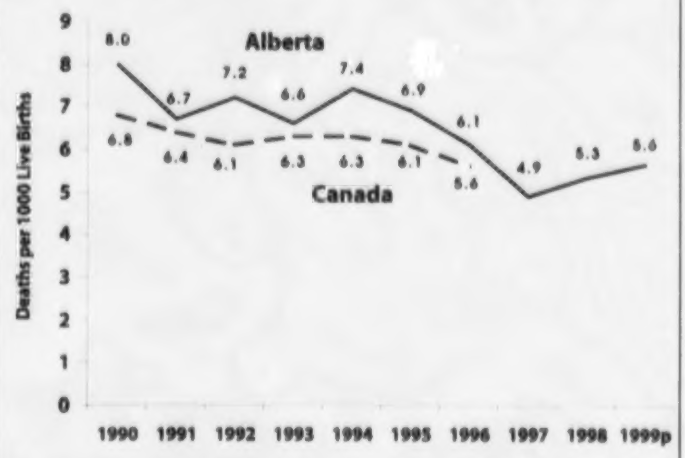
Life Expectancy: Alberta Females and Males

This graph shows the trend in life expectancy over time. In general, life expectancy has increased by about one year every five years.



Source: Statistics Canada, Cat. No. 82-001, 82-003, 91-209 and 84-210; 1999 data: Alberta Health and Wellness estimates.
Note: p = preliminary

Infant Mortality (Per 1,000 Live Births)



Source: Statistics Canada Health Indicators and Alberta Vital Statistics.
Note: p = preliminary

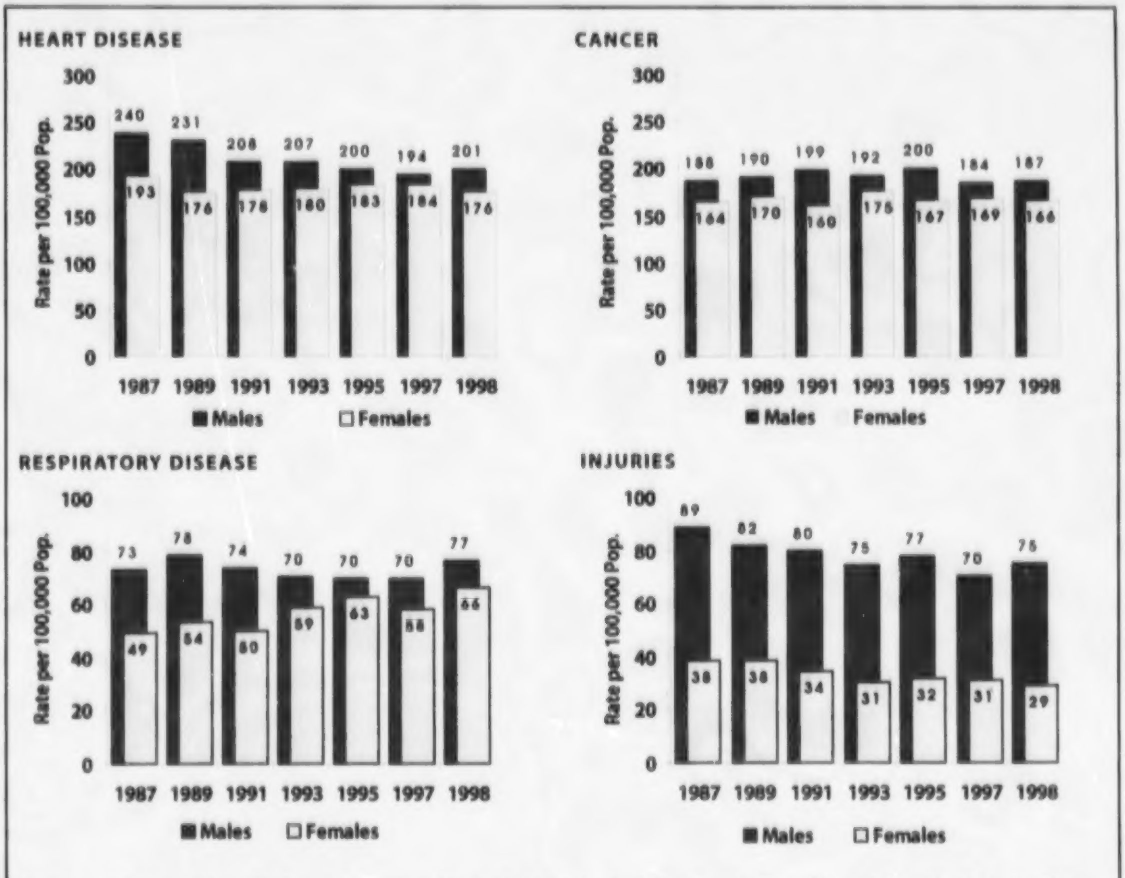
Life Expectancy at Birth

SUPPLEMENTAL INFORMATION

Major Causes of Death in Alberta (Standardized Mortality Rates per 100,000 Population)

The four major causes of death in Alberta are heart disease, cancer, respiratory disease and injuries.

Over the past 11 years, the rate of deaths from heart disease and from injuries has declined for both sexes. Over the same period, the rate of deaths from respiratory disease has increased for women.



Source: Alberta Health and Wellness, derived from Alberta Vital Statistics death files. Population = mid year Alberta Health Registrations.
Note: Mortality rates are now standardized separately for males and females so rates differ slightly from those reported in previous years.

CORE MEASURE

Health Status

GOAL 1 - ALBERTANS WILL BE HEALTHY

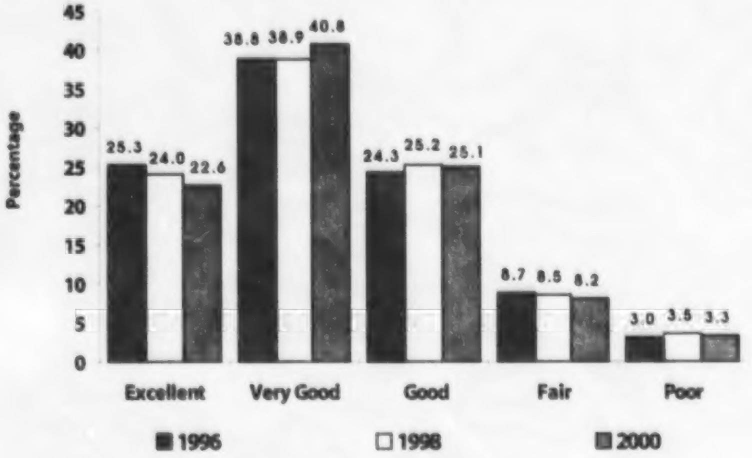
TARGET Reduce the percentage of Albertans who rate their health status as only "fair" or "poor".

RESULTS Over the past five years, there has been essentially no change in the percentage of Albertans rating their health as either "fair" or "poor".

Self-reported health status is a good indicator of the health and well-being of Albertans and is becoming accepted across Canada as a means of reporting on population health. This measure reports the degree to which Albertans feel healthy compared to others their own age. How people rate their own health is affected by a variety of factors including chronic disease, disability, temporary illness and mental health.

We also want to have the lowest percentage of residents reporting fair or poor health status compared with other provinces (see next page). In 1998-99, Alberta had the lowest percentage of residents reporting either poor or fair health.

ALBERTANS' HEALTH STATUS COMPARED TO OTHERS THEIR OWN AGE



Source: Annual Alberta Health and Wellness Survey.

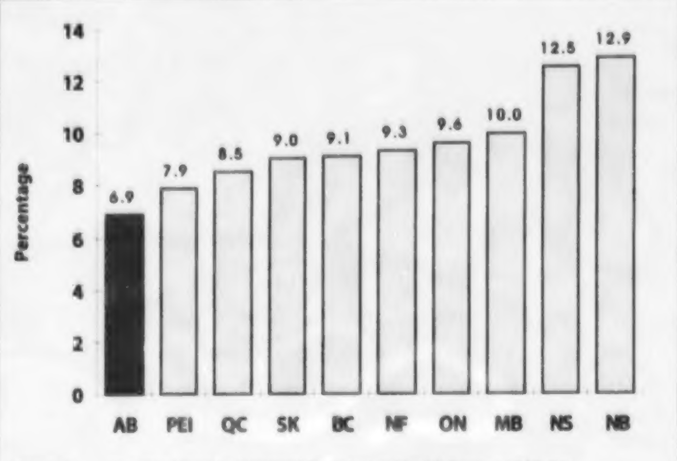
For more information, see the related ministry measures listed in Appendix III.

Health Status

SUPPLEMENTAL INFORMATION

Fair or Poor Health Status by Province

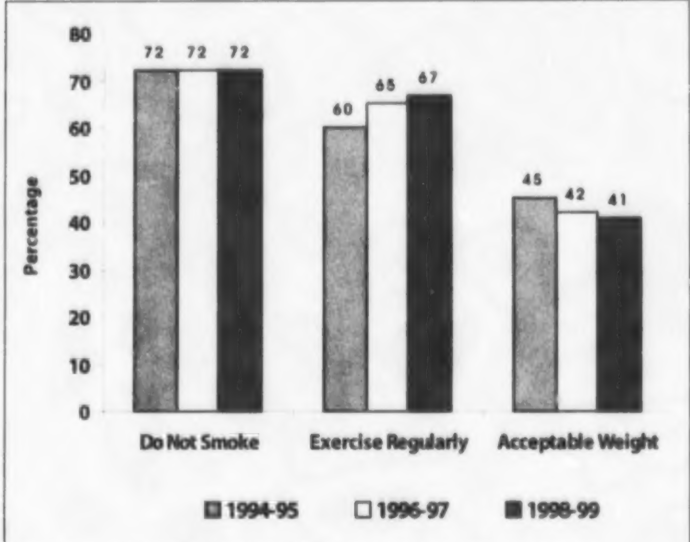
In a national survey, fewer Albertans reported being in fair or poor health in 1998-99 compared to people in other provinces.



Source: Statistics Canada, National Population Health Survey 1998-99.

Percentage of Albertans Participating in Healthy Behaviour

Healthy lifestyles contribute to longevity and improved quality of life. This chart shows the percentage of Albertans who reported participating in healthy behaviour.

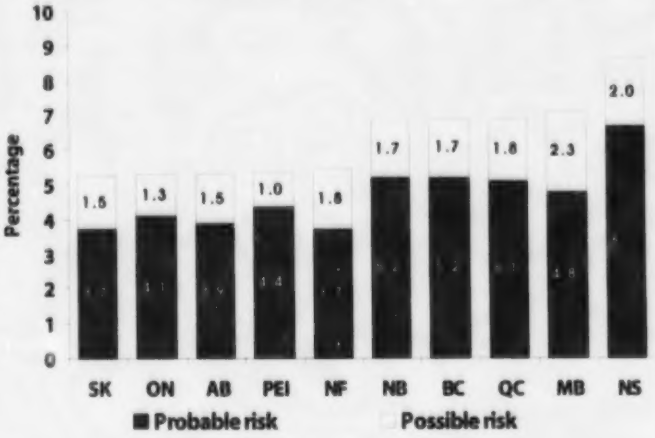


Source: National Population Health Survey (1994-95, 1996-97, 1998-99).

Risk of Clinical Depression by Province, 1998-99

Mental health is an important component of overall wellness, and depression is one of the more common mental health ailments.

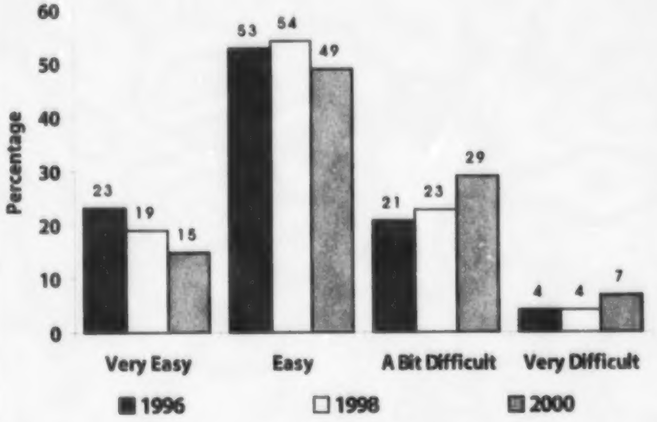
This graph shows the combined total of possible and probable risk for depression among persons 12 years and over, by province. These results indicate that in 1998-99 about 5% of Albertans may have suffered from depression at some time during the year.



Source: Statistics Canada, National Population Health Survey, 1998-99.

Accessibility of Health Care Services

This graph shows Albertans' ratings of their ease of access to health services. In 2000, 64% of Albertans surveyed rated their access to health services as "easy" or "very easy".



Source: Annual Alberta Health and Wellness Survey.

New

Economic Status of Children

GOAL 2 - OUR CHILDREN WILL BE WELL CARED FOR, SAFE, SUCCESSFUL AT LEARNING AND HEALTHY

TARGET To be determined.

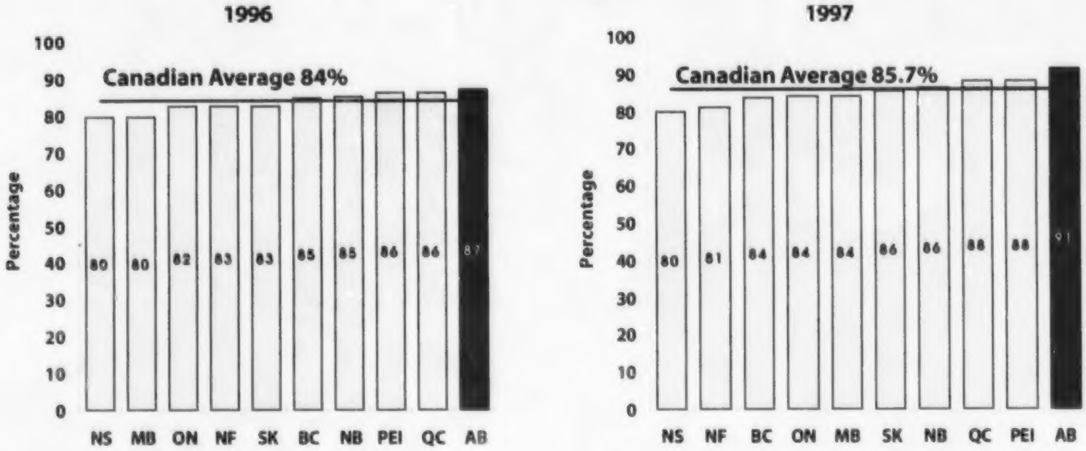
RESULTS 91% of Alberta children live in families with incomes above the Market Basket Measure (MBM) low income threshold, bettering the Canadian average. (1997 data is based on 1996 preliminary data. Actual MBM data will not be available until 2001.)

Children who live in poverty are at greater risk of experiencing problems such as illness, behaviour and learning difficulties, and family violence.

This measure examines the percentage of Alberta children living in families with incomes above the relevant Market Basket Measure (MBM) low income threshold.

The MBM of low income is a calculation of income thresholds at which a family has sufficient income to cover the costs of food, clothing, shelter and other expenditures deemed necessary for all Canadians. Geographic differences in costs are reflected. These costs, by family size, are then compared to family income available for consumption.

PERCENTAGE OF CHILDREN LIVING ABOVE THE MBM LOW INCOME THRESHOLD



Source: Human Resources Development Canada.
Note: Preliminary data only.

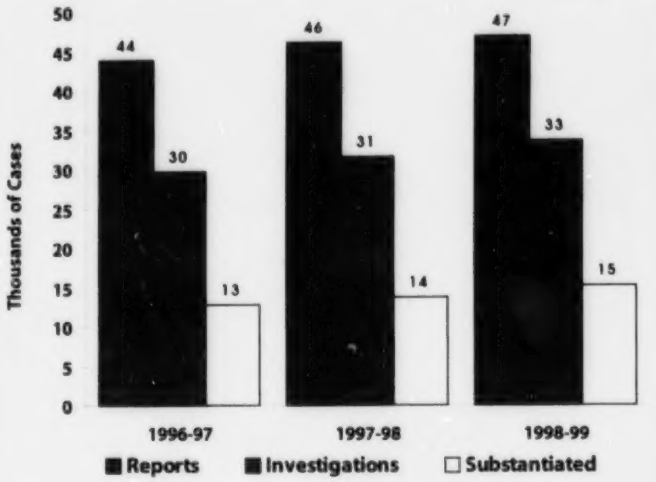
For more information, see the related ministry measures listed in Appendix III.

Economic Status of Children

SUPPLEMENTAL INFORMATION

Reported Child Abuse & Neglect in Alberta

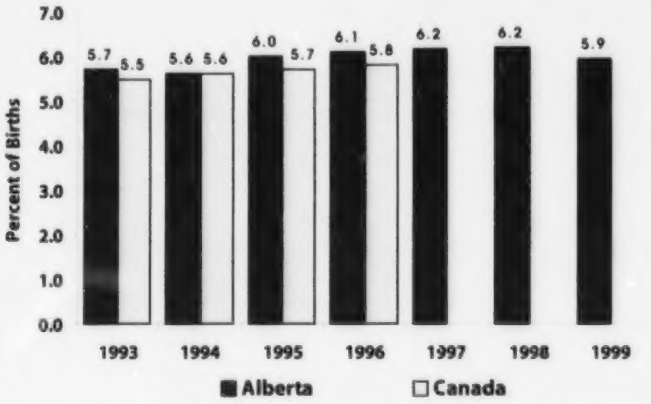
This graph shows the number of reports of child abuse or neglect cases and the number of cases investigated and substantiated during the year. Child abuse occurs when anyone mistreats or neglects a child, resulting in significant emotional or psychological harm, or serious risk of harm, to the child.



Source: Alberta Children's Services

Percent of Newborns with Low Birth Weight

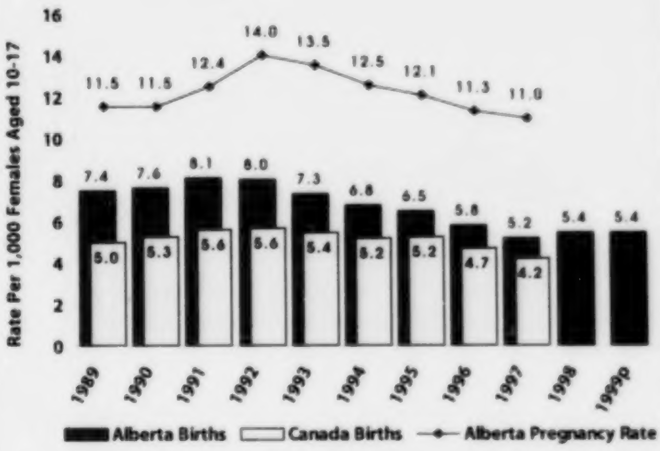
Babies who weigh less than 2,500 grams (5.5 pounds) are more likely to have birth-related complications, disabilities, birth defects, and other health problems.



Source: Alberta Vital Statistics data as reported by Alberta Health and Wellness.
Note: 1997 - 1999 data for Canada was not available.

Alberta Pregnancy and Birth Rate for Females Aged 10 - 17

Age-specific pregnancy rates are the number of events (live births, still births, and therapeutic abortions) per 1,000 females in that age group. Spontaneous abortions are not captured.



Source: Alberta Pregnancy Rate and Alberta Births to Mothers - Vital Statistics, Alberta Government Services, Alberta Health and Wellness. Births to Mothers (Canada) - Statistics Canada.

Note: p = preliminary population data.

CORE MEASURE

Educational Attainment

GOAL 3 - ALBERTA STUDENTS WILL EXCEL

TARGET To be determined.

RESULTS In 1999, 87.5% of Albertans aged 25-34 had completed high school, and 55.4% had completed post-secondary education.

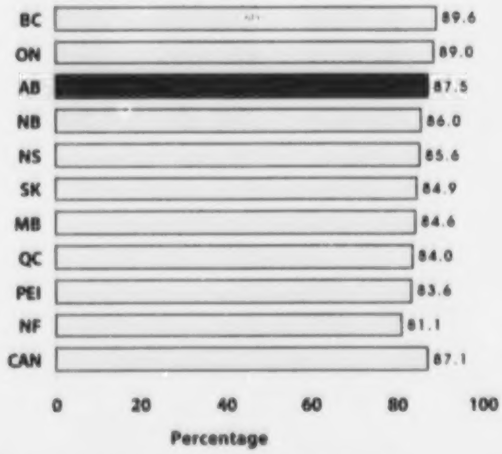
This measure tracks the percentage of the population aged 25-34 who have completed high school or post-secondary education and compares Alberta to other provinces. Those aged 25-34 have been selected as they are the group most likely to reflect the effects of Alberta's education system.

The previous measure (see supplemental information) may have understated high school completion rates. According to a Statistics Canada study, many young people achieve high school equivalency between the ages of 19 and 24. This new measure will capture those who take longer to complete and provide information on those completing a post-secondary education.

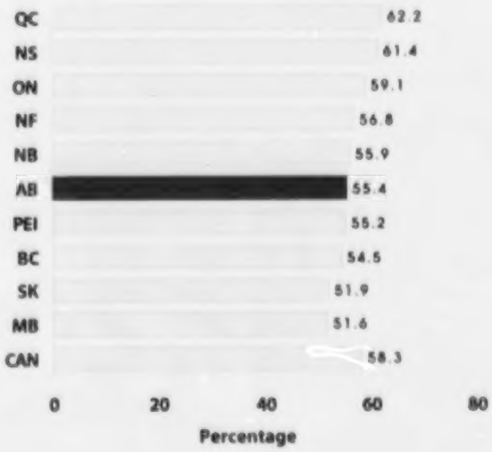
We also want our students to excel in terms of academic achievement. The performance of Alberta students on national and international achievement tests is included as supplemental information.

New

PERCENTAGE OF POPULATION AGED 25-34 WITH HIGH SCHOOL COMPLETION (1999)



PERCENTAGE OF POPULATION AGED 25-34 WITH POST-SECONDARY COMPLETION (1999)



Source: Statistics Canada, Labour Force Survey.

For more information, see the related ministry measures listed in Appendix III.

School Achievement Indicators Program (SAIP)

1999 Science Assessment

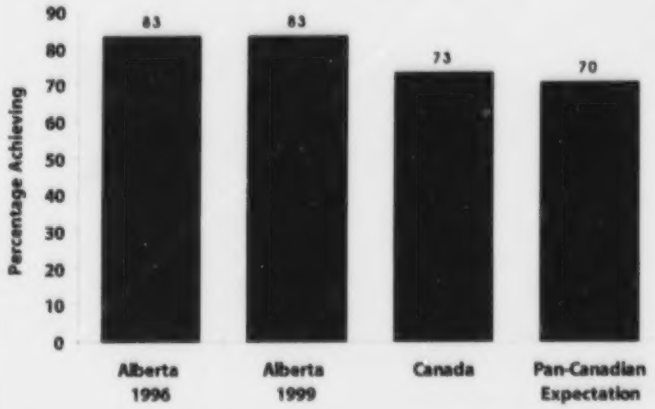
SAIP tests are designed to measure cross-Canada learning expectations. The SAIP tests a representative sample of 13 and 16 year old students in each province and territory in language arts, mathematics and science every three years.

In 1999, students were tested in science. These graphs indicate the percentage of students meeting or exceeding national expectations.

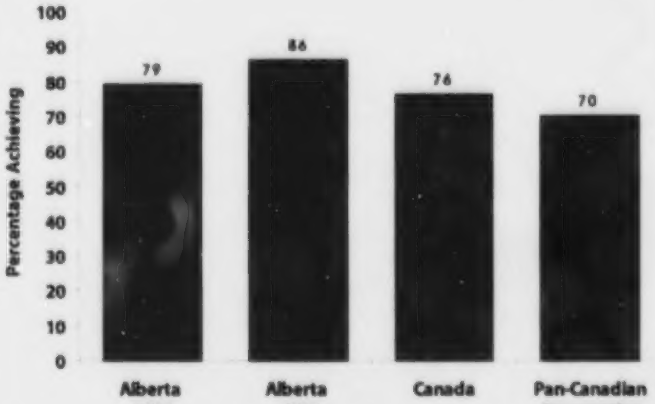
The SAIP assessments are developed with extensive involvement of classroom teachers and government education personnel across the country. The test results review process also allows for input from other educators, as well as representatives of business and community groups.

Alberta students in both age groups performed at or above national expectations at all levels. Alberta students in both age groups performed significantly better than Canadian students at all levels.

AGE 13 - PERCENTAGE OF STUDENTS AT OR ABOVE LEVEL 2



AGE 16 - PERCENTAGE OF STUDENTS AT OR ABOVE LEVEL 3



Source: Council of Ministers of Education, Canada 2000.

Note: These graphs present results from the SAIP. The graphs show the percent meeting or exceeding standards. Results are reported in relation to five levels of achievement. Level 2 is the age 13 standard and Level 3 is the age 16 standard.

The Third International Mathematics and Science Study (TIMSS) Results

The Third International Mathematics and Science Study, conducted between 1994 and 1996, included almost half a million students. Forty countries participated in the Grade 8 TIMSS, 26 countries in the Grade 4 TIMSS and 24 in the Population Three TIMSS (final year of high school). Strict guidelines ensured that students tested were representative of each country.

This table compares Alberta and Canada student performance to that of students in other G-8 countries. Alberta results compare extremely well to those of the G-8 countries.

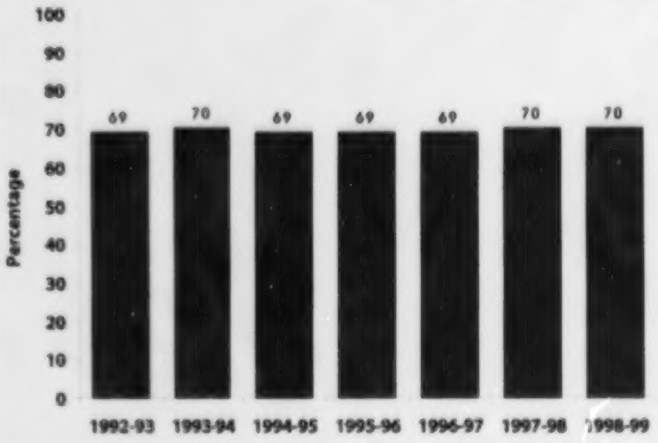
	Grade 4 Math	Grade 4 Science	Grade 8 Math	Grade 8 Science	Pop. Three Math	Pop. Three Physics	Pop. Three Math and Science Literacy
Alberta	★	★	★	★	★	=	★
Canada	=	★	★	★	★	=	★
England	⬇	★	=	★			
France			★	⬇	★	⬇	=
Germany			=	★	⬇	=	=
Italy					⬇		⬇
Japan	★	★	★	★			
Russia			★	★	★	=	⬇
United States	★	★	⬇	★	⬇	⬇	⬇

LEGEND	
★	Scored significantly higher than international average.
=	Scored essentially the same as international average.
⬇	Scored significantly lower than international average.
	Blank cell indicates country did not participate in particular TIMSS test.

Source: Third International Mathematics and Science Study TIMSS - Canada Report, Vol.4: Senior Secondary; Executive Summary, 1998.

Percentage of Students Completing High School Within 6 Years of Entering Grade 9

This graph shows the percentage of students entering grade 9 who complete high school within six years (students accepted into a post-secondary institution directly from high school without receiving a diploma are also included.)



Source: Alberta Learning

CORE MEASURE

Literacy and Numeracy Levels

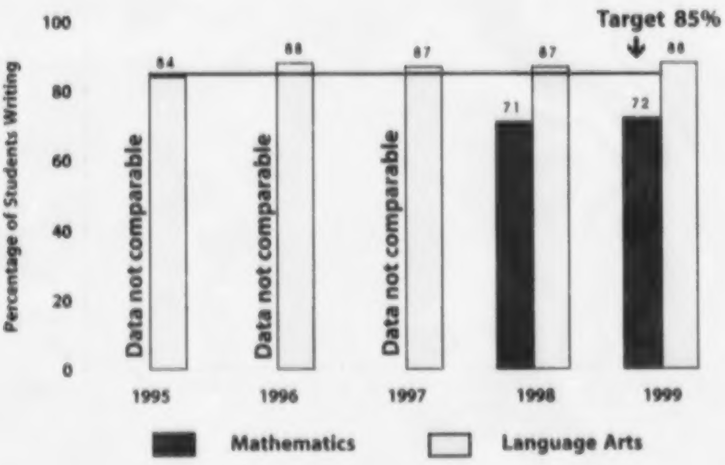
GOAL 4 - ALBERTANS WILL BE INDEPENDENT

TARGET 85% of Grade 9 students are expected to achieve the acceptable standard on provincial achievement tests in mathematics and language arts.

RESULTS The percentage of Alberta students writing the test who achieved the acceptable standard in Grade 9 language arts was 88%, surpassing provincial expectations. In mathematics, only 72% of students achieved the acceptable standard.

We have chosen to use the percentage of Grade 9 students achieving the acceptable standards on provincial achievement tests in mathematics and language arts, as adult literacy surveys are not conducted regularly. New standards for the mathematics test were set in 1998 to reflect the revised curriculum; consequently, prior years results are no longer comparable.

PERCENTAGE OF GRADE 9 STUDENTS ACHIEVING THE ACCEPTABLE STANDARD

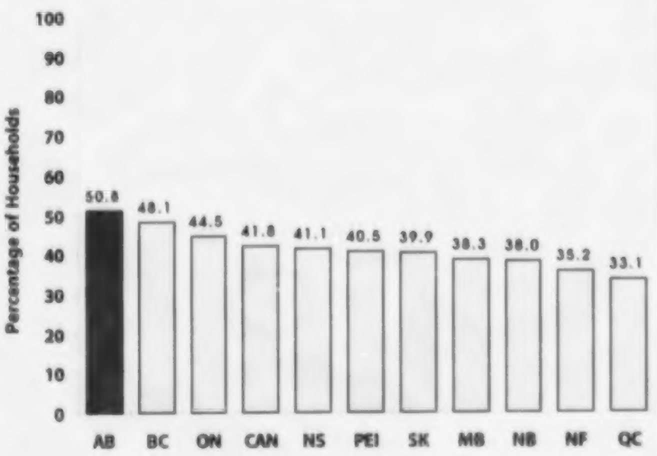


Source: Alberta Learning

For more information, see the related ministry measures listed in Appendix III.

Internet Use by Households-1999

Although internet use does not require computer proficiency, it does indicate a certain level of ability to use computers and access the internet. This graph shows the percentage of households with at least one member using the internet from any location.



Source: Statistics Canada Household Internet Use Survey, 1999.

CORE MEASURE

Family Income Distribution

GOAL 4 - ALBERTANS WILL BE INDEPENDENT

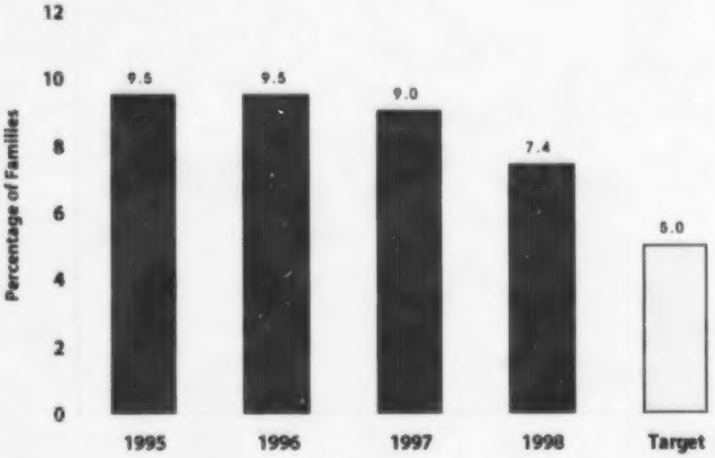
TARGET Reduce the percentage of households with family income under $20,000 to 5 percent by the year 2007.

RESULTS The percentage of Alberta family households with income less than $20,000 (in current dollars) was 7.4% in 1998.

This measure provides information on the incidence of low income among Alberta families and the income distribution of families.

Economic family income is defined as income from all sources received by all family members 15 years of age and over, sharing a common dwelling unit and related by blood, marriage (including common-law relationships) or adoptions.

PERCENTAGE OF ALBERTA FAMILIES WITH INCOME UNDER $20,000



Source: Special run from Statistics Canada.

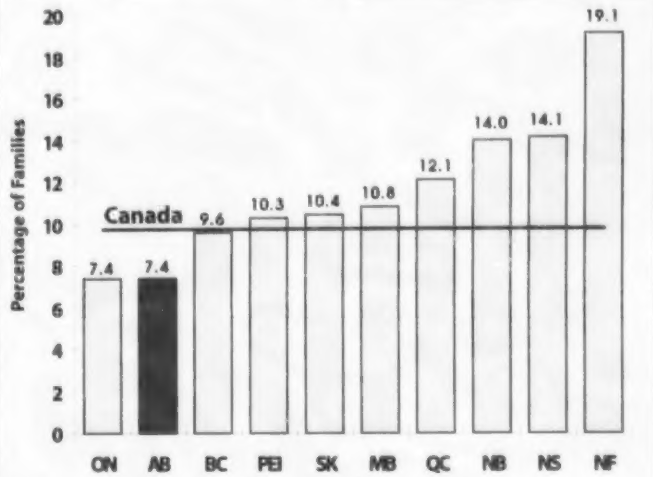
For more information, see the related ministry measures listed in Appendix III.

Family Income Distribution

SUPPLEMENTAL INFORMATION

Percentage of Families with Income Below $20,000 (1998)

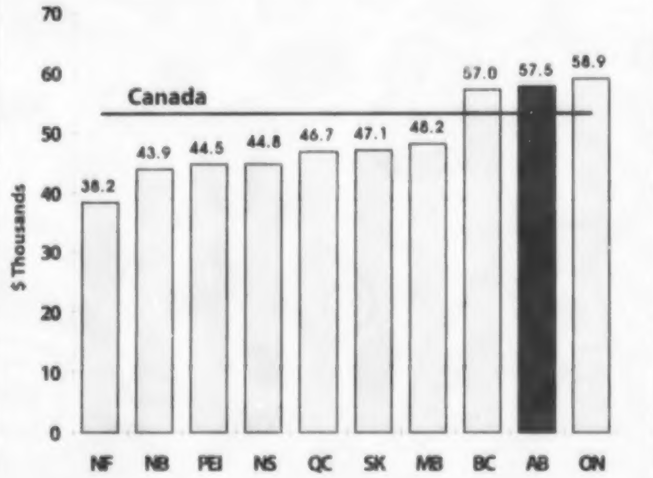
Alberta was tied with Ontario for the lowest percentage of families with income below $20,000 when compared to the other provinces. 9.7% of Canadian families had incomes below $20,000.



Source: Special run from Statistics Canada.

Median Family Income by Province (1998)

Median family incomes in Ontario, British Columbia and Alberta were higher than the national level. The Canadian median family income in 1998 was $53,000. Family median income is defined as the middle point, having half the families earning incomes above and half below.



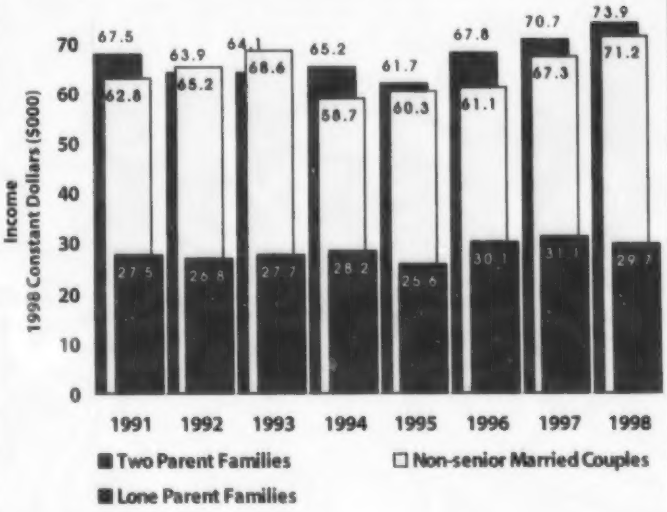
Source: Special run from Statistics Canada.

Family Income Distribution

SUPPLEMENTAL INFORMATION

Average Annual Family Income (Constant 1998 Dollars) by Family Type

Since 1991, family incomes have increased by 9% for two parent families, 8% for lone parent families and 13% for non-senior married couples. In 1998, two parent families represented 26.6% of the population, non-senior married couples 15% and lone parent families 5%.



Source: Statistics Canada, Catalogue #75-202 - Income in Canada. Historical data prior to 1996 are drawn from the Survey of Consumer Finance (SCF) and data since 1996 are taken from Survey of Labour and Income Dynamics (SLID).

CORE MEASURE

Albertans Needing Help

GOAL 5 - ALBERTANS NOT EXPECTED TO SUPPORT THEMSELVES FULLY WILL RECEIVE HELP

TARGET To be determined.

RESULTS Measure under development.

We would like all Albertans to be independent; however, some individuals require long-term financial assistance to meet their basic needs (food, clothing and shelter).

UNDER CONSTRUCTION

For more information, see the related ministry measures listed in Appendix III.

NEW MEASURE FOR NEXT YEAR

Economic Status of Albertans

This will appear as the new core measure in next year's report for this goal.

At the time the 1999-2002 Government Business Plan was published in February 1999, this measure had not yet been developed. Therefore, it is presented here as preliminary information only. The full measure will be included in next year's report.

WHY A NEW MEASURE

Goal 5 establishes the government's commitment to provide a safety net so that Albertans unable to provide for their basic needs will receive help. The goal was originally introduced in the *1997-2000 Government Business Plan.* In the interim, work has been undertaken to develop a suitable core measure.

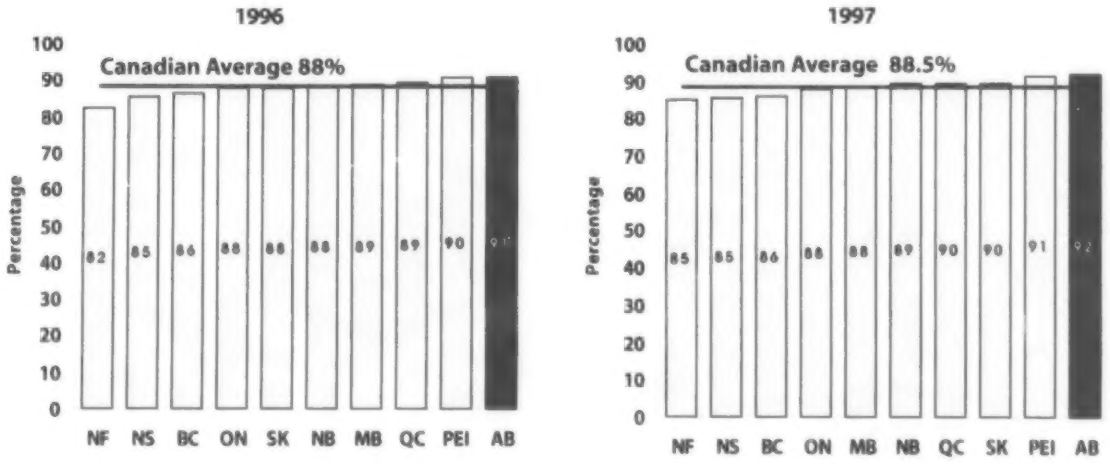
THE NEW MEASURE

In the *2000-03 Government Business Plan,* this goal was revised slightly to clarify its intent. To measure progress, we will use the Market Basket Measure (MBM) to report on the percentage of Albertans of *all* ages living above the low income threshold. Over time, this measure will show the degree to which Albertans have been helped to meet their basic needs.

The Alberta government offers a number of programs to ensure all Albertans have access to the basic necessities. These include:

Alberta Child Health Benefit
Supports for Independence
Alberta Seniors Benefit
Childcare Subsidy
Alberta Aids to Daily Living
Alberta Employment Tax Credit
Shelters for the Homeless
Assured Income for the Severely Handicapped

PEOPLE LIVING ABOVE THE MARKET BASKET MEASURE LOW INCOME THRESHOLD



Source: Human Resources Development Canada.
Note: Preliminary data only.

Prosperity

1999|2000 Annual Report

GOVERNMENT OF ALBERTA

Prosperity

Promoting prosperity for Alberta through:

- a dynamic environment for growth in business, industry and jobs
- a highly skilled and productive workforce
- open markets in Canada and internationally for trade and investment
- new ideas, innovation and research
- an open and accountable government that lives within its means
- an efficient system of roads, highways, utilities and public spaces.

There are eight government goals for the Prosperity core business, and twelve performance measures. Overall, four measures showed improved performance and four showed no significant change. The following are the 1999-2000 performance highlights for these Prosperity measures.

MEANING OF SYMBOLS

⇧ improved performance (5% higher)

▬ no significant change in performance from previous year

⬇ declining performance (5% lower)

PERFORMANCE HIGHLIGHTS

⇧ **Gross Domestic Product** - The three-year average annual GDP growth rate increased to 5.7% in 1999, and was within our target range.

⇧ **Job Growth** - There were 37,900 net new jobs created in 1999. Over the period 1997-99, almost 145,000 new jobs have been created.

New **Skill Development** - The percentage of employers satisfied with the skills of recent degree/diploma graduates was 86.5% in 1999.

Business Innovation - Under development.

New **Value-added Industries** - Manufacturing accounted for 10.2% of GDP in 1998.

▬ **Cost of Government** - Per capita spending by the Alberta government decreased slightly to 90% of the average per capita expenditure of the other nine provinces, bettering our target of 95%.

New **Infrastructure Capacity** - 89.1% of the National Highway System is at level of service B or better. Sufficient export gas pipeline capacity to meet demand. Level of industry/non-profit sponsored research unchanged.

▬ **Taxation Load** - Albertans still enjoy the lowest overall tax burden on persons in Canada.

▬ **Provincial Credit Rating** - Alberta's blended credit rating in 1999 was the highest among the provinces, achieving our target.

⇧ **Net Debt** - The province's net debt (excluding pension obligations) was eliminated in the 1999-2000 fiscal year.

▬ **Workplace Climate** - Alberta lost 1.2 person-days per 10,000 person-days worked to disputes in 1999. The rate of person-days lost to injury and disease decreased to 31.8 person-days.

⇧ **Export Trade** - The value of Alberta's commodity exports to international markets rose to $34.5 billion in 1999.

OPPORTUNITIES FOR IMPROVEMENT

- **Net Debt** - Net debt has been eliminated, but Alberta still has an accumulated debt of $12.5 billion.

CORE MEASURE

Gross Domestic Product

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

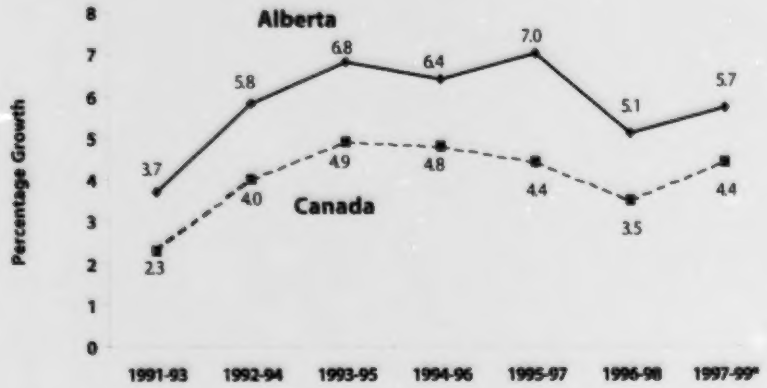
TARGET Long term gross domestic product (in current dollars) growth rate of between 4% and 6%.

RESULTS Alberta's three-year average annual gross domestic product (GDP) growth rate was 5.7% in 1999 (based on forecast), which was within our target range.

GDP is a direct measure of the strength of Alberta's economy. It is a measure of the value of goods and services produced in Alberta. Tracking this measure over time will show changes in the strength and resilience of Alberta's economy (see also *Job Growth, Value-Added Industries* and *Export Trade*).

As we are interested in the longer-term growth trend for the Alberta economy, we have used a three-year average for GDP growth to smooth out some of the cyclical variations common to Alberta's economy.

THREE-YEAR AVERAGE ANNUAL GDP GROWTH



Source: Alberta Economic Accounts, 1998 - Table 1A.
*Based on Statistics Canada and Alberta Treasury forecast data.

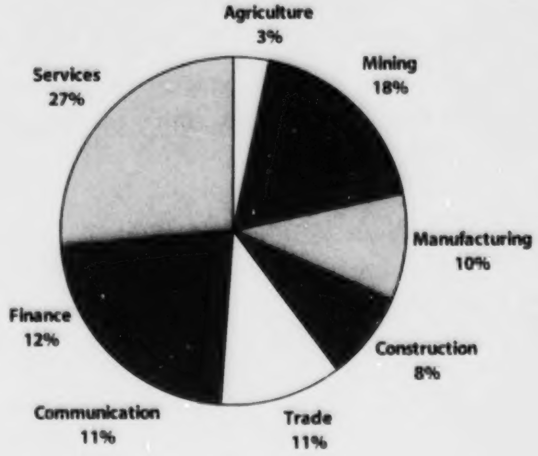
For more information, see the related ministry measures listed in Appendix III.

Gross Domestic Product

SUPPLEMENTAL INFORMATION

Alberta's Gross Domestic Product by Industry (Current Dollars)

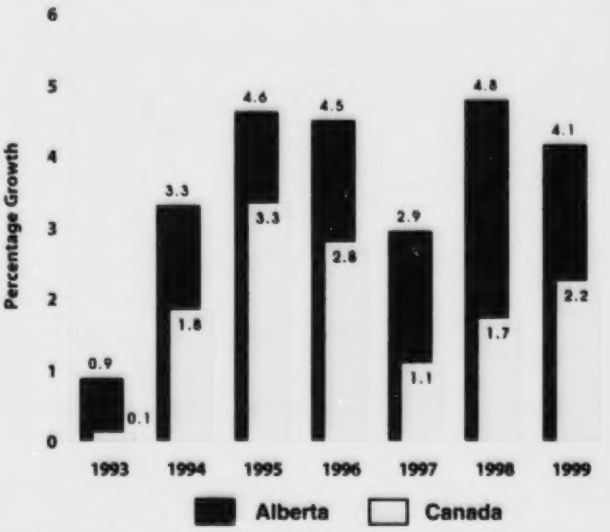
This graph indicates the percentage contribution to provincial GDP by various industry sectors in 1998.



Source: Alberta Economic Accounts, 1998 - Table 10.

Alberta Net Business Growth

The annual percentage change in the number of incorporated and unincorporated firms (excluding self-employed and single person firms) in Alberta compared to Canada.

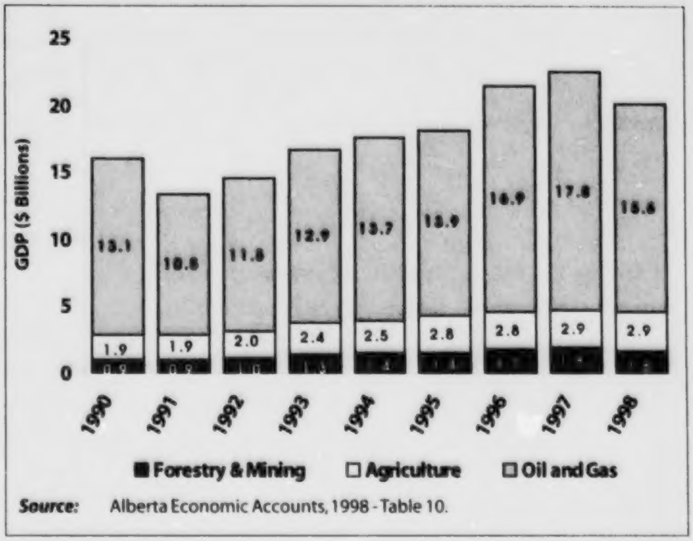


Source: Statistics Canada, Business Register.

GDP of Resource Sector in Alberta

(Current Dollars)

Growth in the value of the resource sector has been on an upward trend primarily driven by the oil and gas industry.



Source: Alberta Economic Accounts, 1998 - Table 10.

Job Growth

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

TARGET Create 155,000 new jobs over four years to December 2000.

RESULTS 37,900 new jobs were created in 1999, and 144,900 new jobs have been created over three years since 1996.

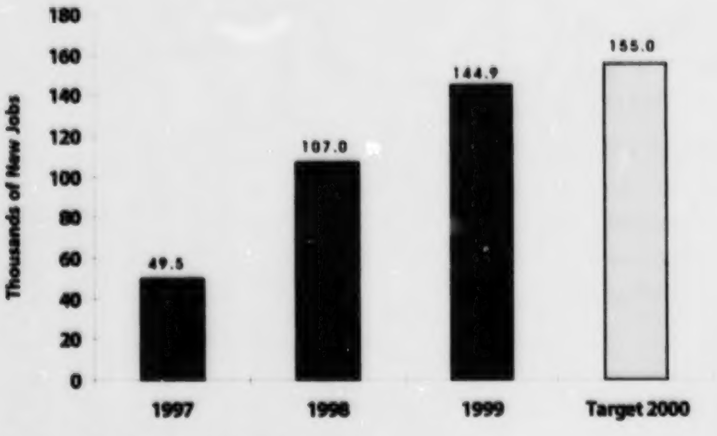
This measure shows the net number of jobs created in Alberta's economy on an annual average basis and is one indicator of the strength of the economy (see also *Gross Domestic Product, Value-Added Industries* and *Export Trade*).

A strong economy also increases employment opportunities for Albertans, enabling them to benefit from the province's economic growth.

Alberta continued to enjoy strong job growth in 1999, and had the second lowest unemployment rate among provinces, behind Manitoba. Alberta's unemployment rate was 5.7%, well below the national rate of 7.6%.

A new target of 295,000 new jobs over 6 years by December 2005 has been established.

CUMULATIVE NET EMPLOYMENT GROWTH



Source: Statistics Canada, Labour Force Survey.

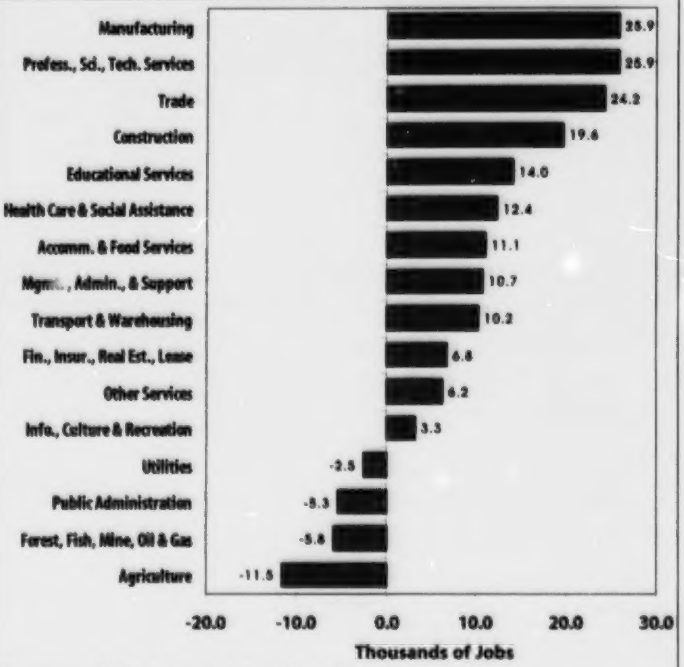
For more information, see the related ministry measures listed in Appendix III.

Job Growth

SUPPLEMENTAL INFORMATION

Alberta Employment Growth by Industry

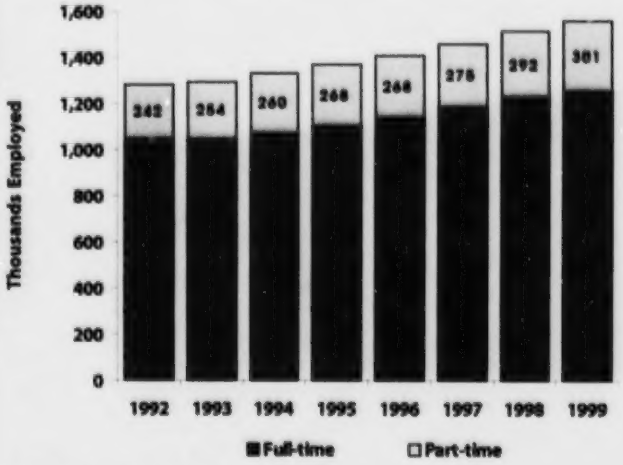
This chart shows the change in the number of jobs created by various industry sectors over the three years since 1996. Total employment increased in most industries and reflects the diversification of Alberta's economy.



Source: Statistics Canada, Labour Force Survey.
Note: Numbers may not add to total employment owing to rounding of industry numbers.

Full-time and Part-time Employment in Alberta

This chart shows full-time and part-time employment growth between 1992 and 1999, on an annual basis. In 1999, part-time employment represented 19.4% of all jobs, up from 18.8% in 1992.



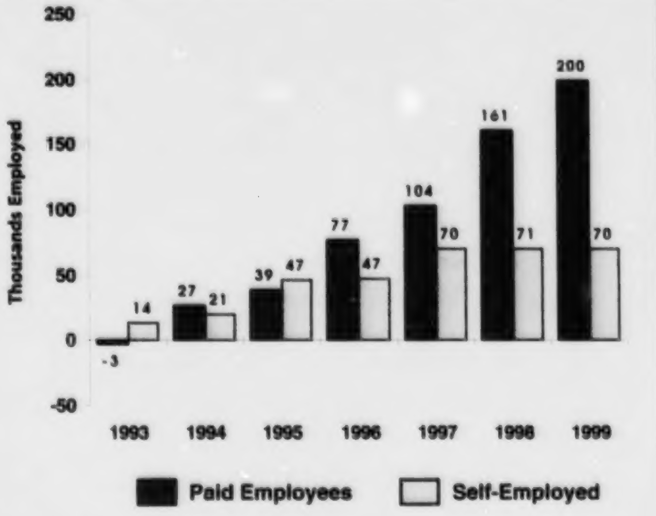
Source: Statistics Canada, Labour Force Survey.

Job Growth

SUPPLEMENTAL INFORMATION

Cumulative Growth in Employment 1992-1999

This chart compares the number of jobs created between 1992 and 1999 through paid versus self-employment. Although relatively stagnant in recent years, self-employment has grown by 30% since 1992.



Source: Statistics Canada (CANSIM Matrix 3481).

CORE MEASURE

Skill Development

GOAL 7 - OUR WORKFORCE WILL BE SKILLED AND PRODUCTIVE

TARGET 90% of employees satisfied with recent graduates' skill levels.

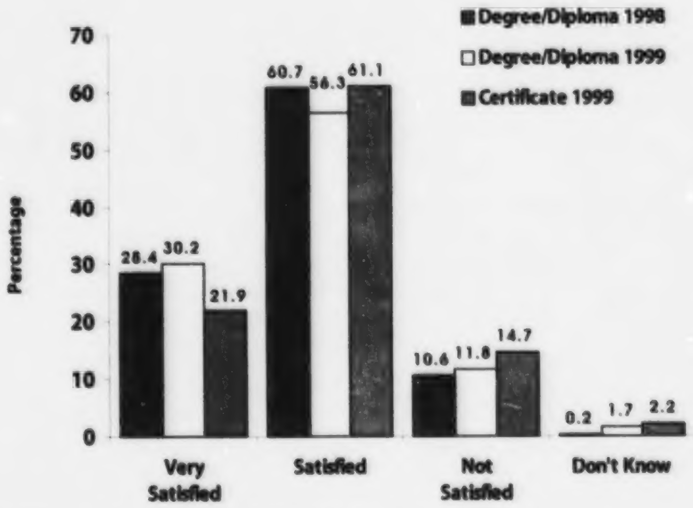
RESULTS The percentage of employers who were either "satisfied" or "very satisfied" with recent degree/diploma graduates' skills was 86.5% in 1999 (83% for employers of certificate graduates).

Alberta businesses and industries need to remain competitive in global markets. This requires a highly skilled and productive work force and an effective match between skill development and skill demand.

People and Prosperity, Alberta's human resource development strategy, describes how we will support Albertans to contribute to and share in Alberta's economic prosperity.

The previous measure (see following page) tracked the productivity of Alberta's labour force, which should increase if there is an appropriate match between job requirements and workforce skill levels. This new measure provides a more direct indicator of whether workforce skill levels match job requirements. Alberta Learning surveys employers for their satisfaction with the technical skills and knowledge needed for the job of recent post-secondary graduates that they have hired.

New **EMPLOYER SATISFACTION WITH RECENT POST-SECONDARY GRADUATES' SKILLS**

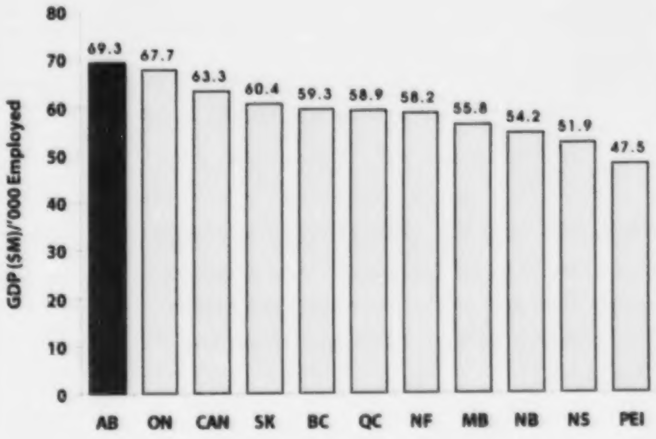


Source: Alberta Learning Employer Satisfaction Survey, 1998, 1999.

For more information, see the related ministry measures listed in Appendix III.

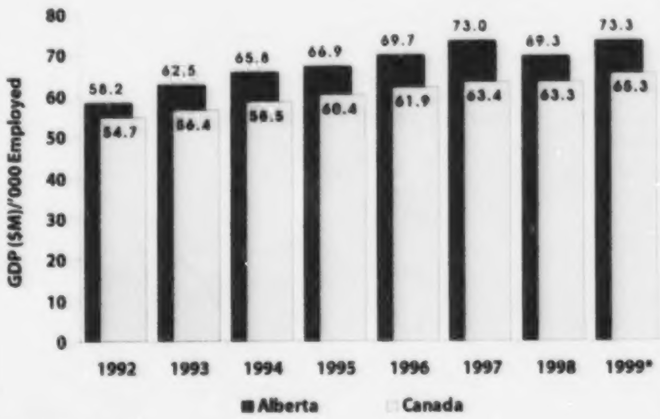
Provincial Labour Productivity (1998)

Alberta's labour productivity remained the highest among the provinces in 1998.



Source: Statistics Canada: Cat. Nos. 13-213 and 71-201.

Alberta and Canada Labour Productivity (1999)



* Based on forecast.

Source: Alberta Treasury and Statistics Canada: Cat. No. 13-213 and 71-201.

CORE MEASURE

Business Innovation

GOAL 8 - ALBERTA BUSINESSES WILL BE INCREASINGLY INNOVATIVE

TARGET To be determined.

RESULTS Measure under development.

The new goal focuses on the extent to which Alberta businesses display innovative behaviour, as demonstrated by the adoption of new processes and technologies. Adopting new technologies enhances business competitiveness through increased efficiency and the development of new products.

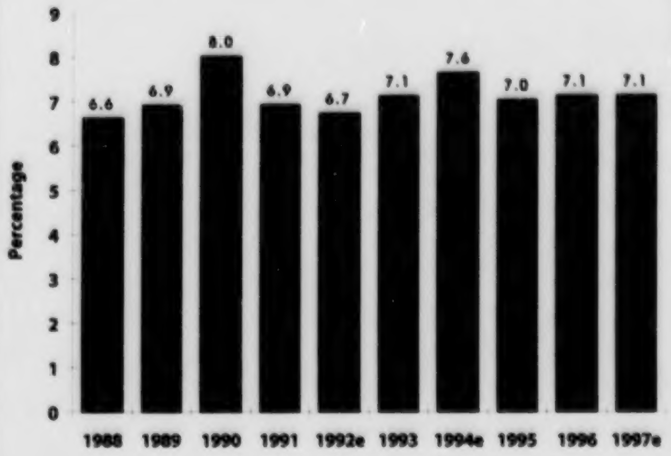
Statistics Canada's 1999 Survey of Innovation may be used as the basis for a new measure once data becomes available.

UNDER CONSTRUCTION

For more information, see the related ministry measures listed in Appendix III.

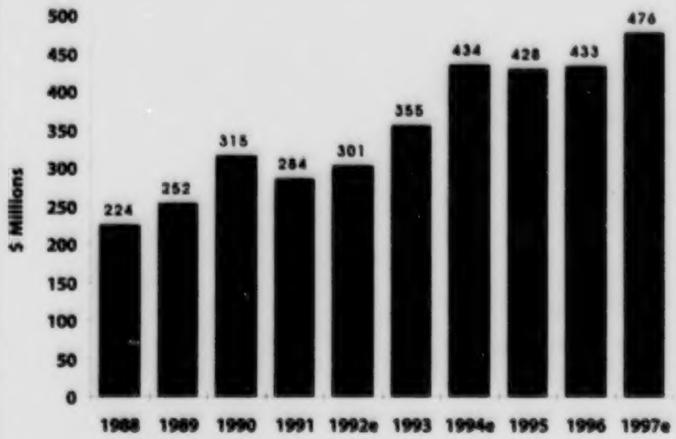
Alberta Business R&D as a Percentage of Canadian Business R&D Spending

Although total Alberta business spending on R&D has increased, Alberta's share of Canadian business spending has remained relatively constant.



Source: Statistics Canada Service Bulletin Science Statistics Vol. 23, No. 6, Table 7.
Note: e = estimate

Alberta Business Spending on R&D



Source: Statistics Canada Service Bulletin Science Statistics Vol. 23, No. 6, Table 7.
Note: e = estimate

CORE MEASURE

New

Value-Added Industries

GOAL 9 - ALBERTA'S VALUE-ADDED INDUSTRIES WILL LEAD ECONOMIC GROWTH

TARGET Alberta's value-added industries will account for an increasing percentage of provincial GDP.

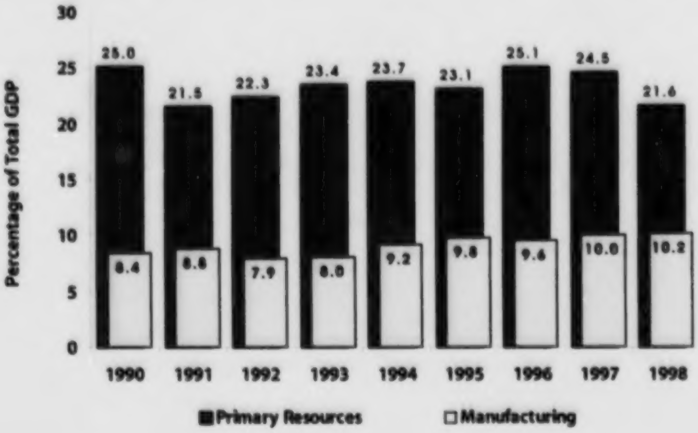
RESULTS Alberta's manufacturing sector accounted for 10.2% of provincial GDP in 1998.

Alberta's economy has historically been resource based, and resources still account for over 20% of provincial GDP. To enhance Alberta's global competitiveness and enable more stable long-term economic growth, we would like to increase the level of value-added economic activity. Value-added industries include resource processing, manufacturing of goods, and the provision of various services.

This measure tracks the percentage of provincial GDP contributed by the manufacturing sector relative to the resource sector. We have used manufacturing as a proxy for value-added industries, but may expand the scope of the measure in the future to include knowledge intensive service industries.

The service sector includes knowledge intensive industries associated with the new economy. These industries are high value-added and generally employ more knowledge workers and advanced technologies.

MANUFACTURING VERSUS PRIMARY RESOURCES



Source: Alberta Economic Accounts, 1998 - Table 10.

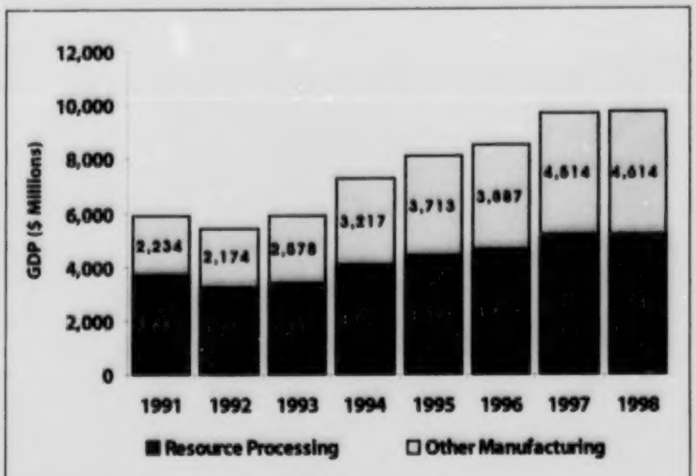
For more information, see the related ministry measures listed in Appendix III.

Value-Added Industries

SUPPLEMENTAL INFORMATION

Value of Resource Processing and Other Manufacturing Industries

This graph shows the amount of provincial GDP generated by the resource processing and other manufacturing industries.



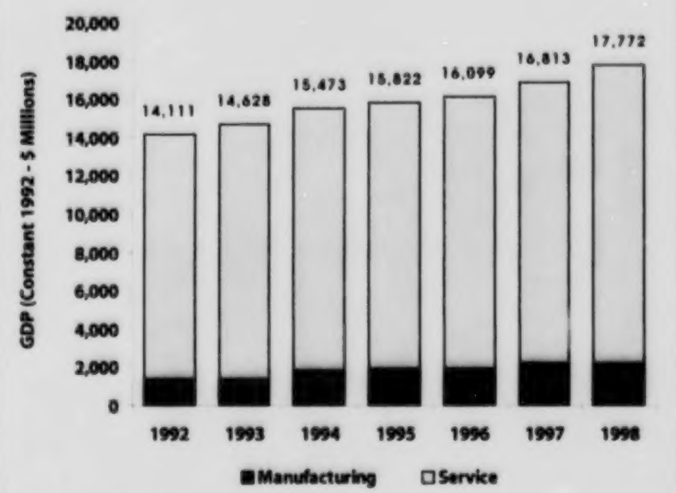
Source: Alberta Economic Accounts, 1998 - Table 10.

Value of Knowledge Intensive Manufacturing and Services

This graph shows the value of the knowledge intensive manufacturing and service industries in constant 1992 dollars. Knowledge intensive industries are defined as those employing a high percentage of knowledge workers, or involving advanced technologies.

Manufacturing includes: electrical and electronic products, aircraft and aircraft parts, chemical and chemical products (including pharmaceuticals), and scientific and professional equipment.

Services includes: telecommunications broadcasting, financial services, business services, educational services, health and social services, and membership organizations.



Source: Alberta Treasury.

CORE MEASURE

Infrastructure Capacity

GOAL 10 - ALBERTA WILL HAVE EFFECTIVE AND EFFICIENT INFRASTRUCTURE

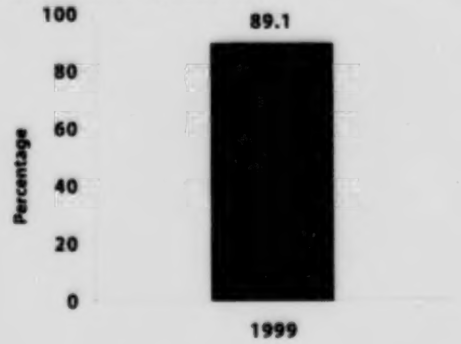
TARGET To be developed.

RESULTS In 1999, 89.1% of the National Highway System in Alberta was at level of service B or better. Industry and non-profit sponsored research represented 31.6% of Alberta universities' total research. There was sufficient export gas pipeline capacity to meet demand.

Quality infrastructure is regarded as an essential building block to support economic development.

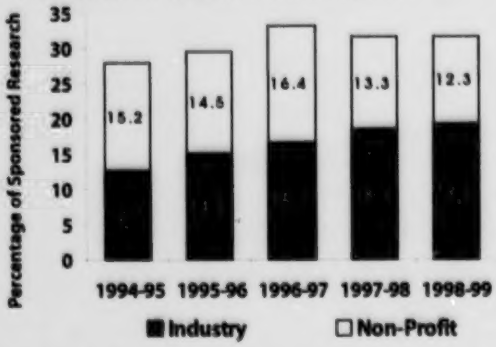
These measures examine whether Alberta's existing infrastructure system has sufficient capacity to support current economic activity, and to facilitate future growth (see also *Export Trade*). We will monitor the ability of Alberta's highways to accommodate traffic flow volumes, export gas pipelines to accommodate throughput, and the level of sponsored research at Alberta universities as an indication of industry and non-profit utilization of our publicly accessible knowledge base.

New **NATIONAL HIGHWAY SYSTEM AT LEVEL OF SERVICE "B" OR BETTER**



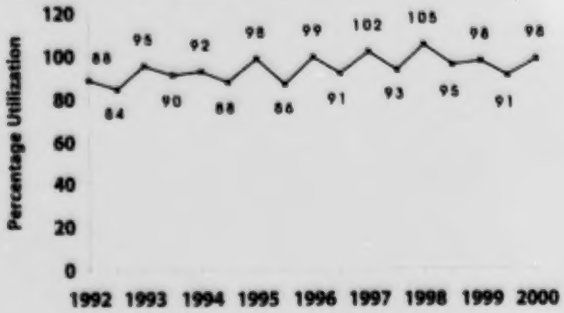
Source: Alberta Infrastructure.

New **INDUSTRY AND NON-PROFIT SPONSORED RESEARCH AT ALBERTA UNIVERSITIES**



Source: University of Alberta, University of Calgary, University of Lethbridge, Athabasca University.

EXPORT GAS PIPELINE UTILIZATION



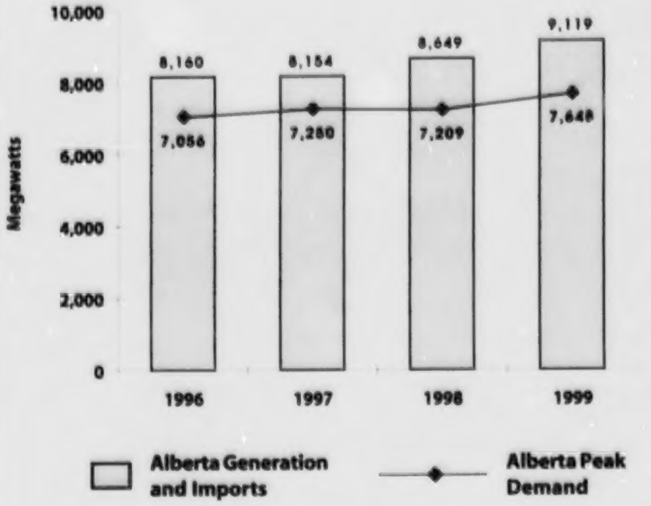
Source: Alberta Resource Development.

For more information, see the related ministry measures listed in Appendix III.

Infrastructure Capacity

Alberta Electrical System Capacity

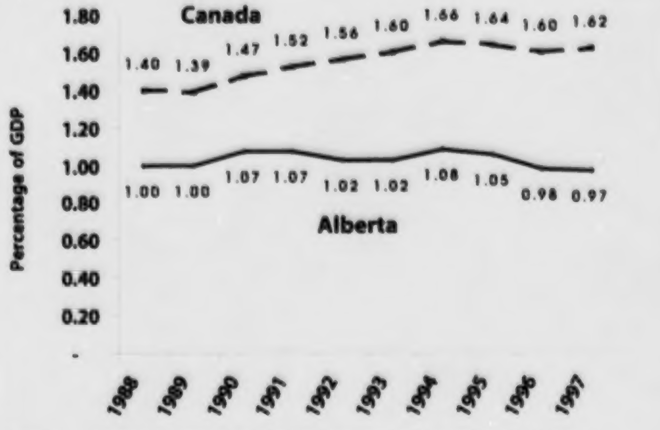
We currently have 8,169 megawatts in power generation capacity and access to 950 megawatts from other jurisdictions. Additional power will become available from neighbouring jurisdictions as the interconnection capacity increases. In addition, there is new supply coming on-line, including sources such as co-generation.



Source: Alberta Resource Development.

Gross Expenditure on Research and Development

This graph displays the gross spending on research and development activities in Alberta as a percentage of GDP and compares it to the level of Canada as a whole. Gross expenditure on research and development as a percentage of GDP is the standard international basis for comparison of R&D effort.



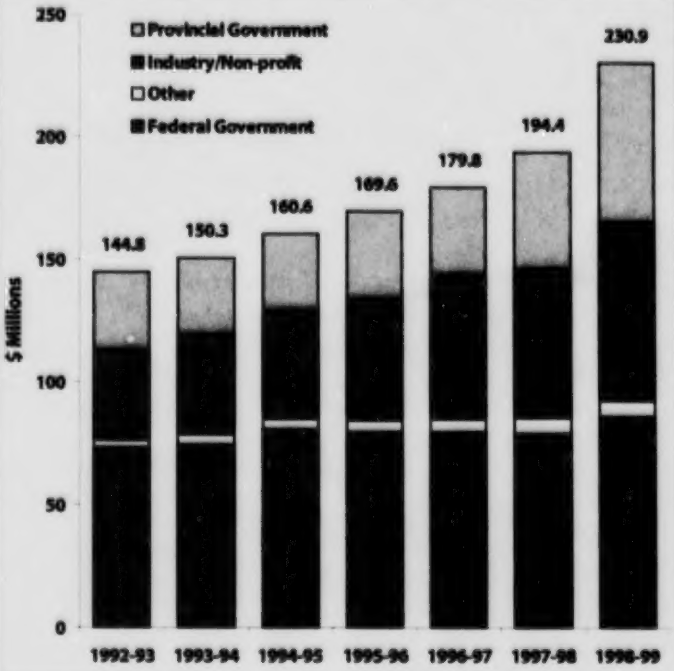
Source: Statistics Canada Service Bulletin Science Statistics v. 23, No. 6.

Infrastructure Capacity

SUPPLEMENTAL INFORMATION

Sponsored Research at Alberta Universities

This graph provides a breakdown of the value of sponsored research by funding source. Increases in research funding indicate that Alberta's university research system is expanding its capacity to undertake current and future research activities.



	Provincial Government	Industry/ Non-Profit	Other	Federal Government
1992-93	$31.4	$37.2	$3.1	$73.1
1993-94	$30.8	$40.8	$4.1	$74.6
1994-95	$30.8	$44.8	$4.0	$81.0
1995-96	$35.4	$49.8	$4.6	$79.8
1996-97	$35.5	$59.5	$5.0	$79.8
1997-98	$47.7	$61.5	$6.0	$79.2
1998-99	$65.4	$72.9	$6.4	$86.2

Source: University of Alberta, University of Calgary, University of Lethbridge, Athabasca University.

Cost of Government

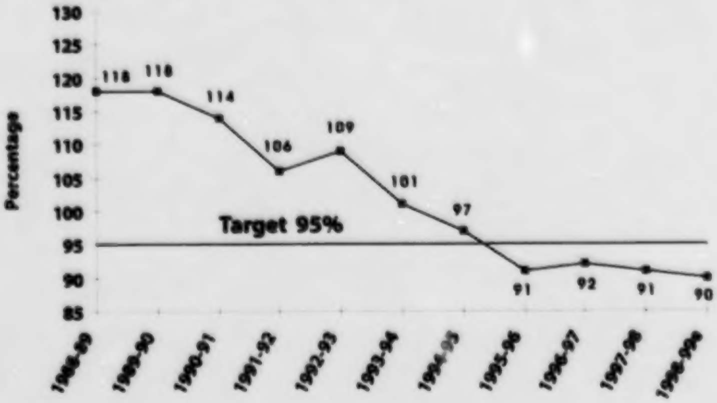
GOAL 11 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

[illegible] Alberta Government expenditures to remain 5 percent below the average per capita expenditure of the other nine provinces.

[illegible] Alberta Government per capita expenditure decreased slightly to 90% of the average per capita expenditure of the other nine provinces, bettering the target of 95%.

The level of government expenditures is an indicator of the fiscal responsibility of the province. This measure compares the Alberta Government's per capita expenditure with the average of the other nine provinces.

PER CAPITA ALBERTA GOVERNMENT EXPENDITURE AS A PERCENTAGE OF THE OTHER NINE PROVINCES

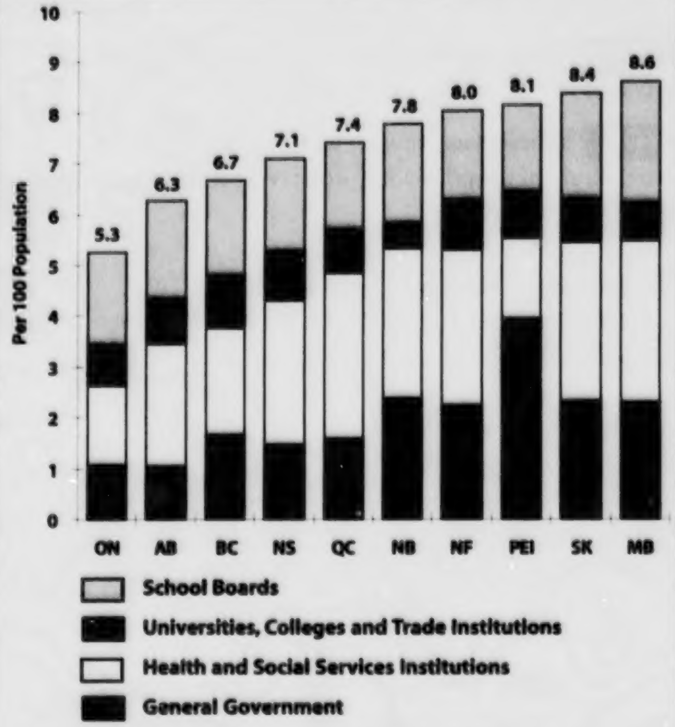


Source: Statistics Canada (Financial Management Statistics) and Alberta Treasury.
Note: e = estimate

For more information, see the related ministry measures listed in Appendix III.

Provincial Public Sector Employees

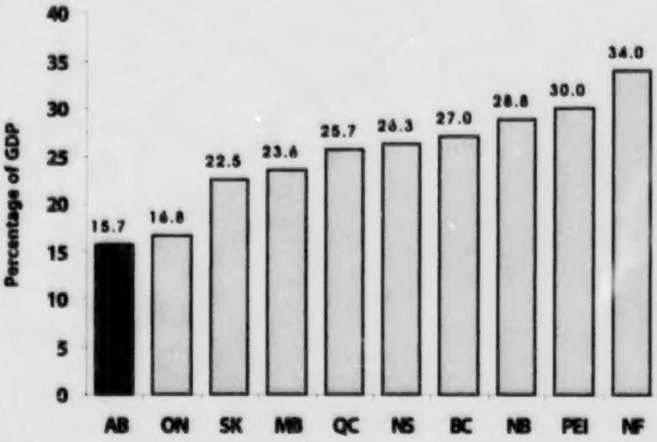
In 1999, Alberta had the second lowest number of public sector employees per capita in Canada.



Source: Statistics Canada, Public Institutions Division and Alberta Treasury.

Provincial Government Expenditure as a Percentage of GDP (1998-99)

Alberta's low government expenditures as a percentage of GDP result from Alberta having the highest real gross domestic product per capita and the lowest per capita government expenditures of any province.



Source: Statistics Canada Provincial Economic Accounts, Conference Board of Canada and Alberta Treasury.

CORE MEASURE

Taxation Load

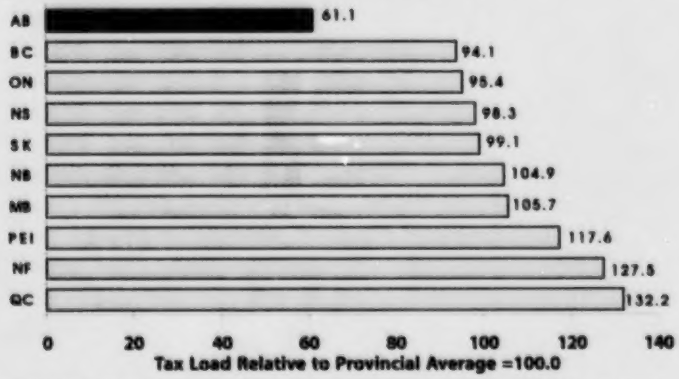
GOAL 11 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

TARGET Maintain the lowest tax load on persons and the lowest provincial personal income tax rate in Canada.

RESULTS Alberta's provincial tax load on persons was 38.9% below the provincial average (40.2% in 1998-99), the lowest in Canada. Alberta's basic provincial personal income tax rate was 44 percent of basic federal tax, the second lowest in Canada.

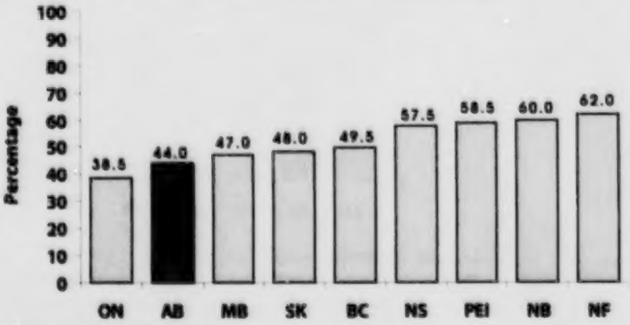
Personal income tax rates are one indicator of the provincial tax burden on Albertans. A more comprehensive indicator is the provincial tax load on persons expressed as a percentage of the average provincial tax load. Tax load on persons includes income, sales, tobacco, fuel, health care premiums and payroll taxes. The basic provincial personal income tax rates are as of February 1, 2000. Subsequently, five provinces switched from calculating provincial tax as a percentage of federal tax payable, to a tax on income. The remaining provinces are moving to a tax on income in 2001.

PROVINCIAL TAX LOAD ON PERSONS 1999-2000



Source: Federal Department of Finance, Third Estimate for 1999-2000, February 2000.

PROVINCIAL PERSONAL INCOME TAX RATES - 2000



Source: Alberta Treasury.
Note: These are basic provincial personal income tax rates known as of February 1, 2000 expressed as a percentage of basic federal tax. Quebec's rate is not comparable.

For more information, see the related ministry measures listed in Appendix III.

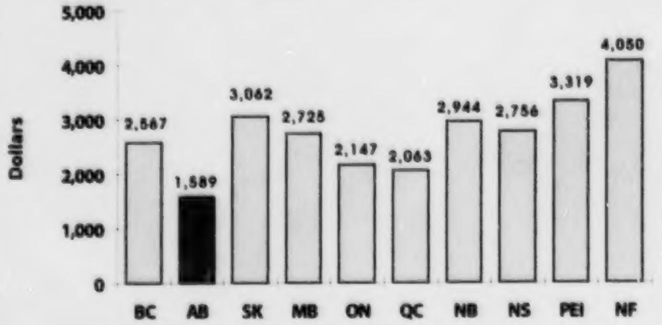
Selected Provincial Tax Payable by a Family of Four (Two Children) - 2000

These charts compare the typical provincial taxes payable, including provincial income, sales, payroll, tobacco and fuel taxes and health care premiums, by a family with two children earning $30,000, $55,000 and $100,000.

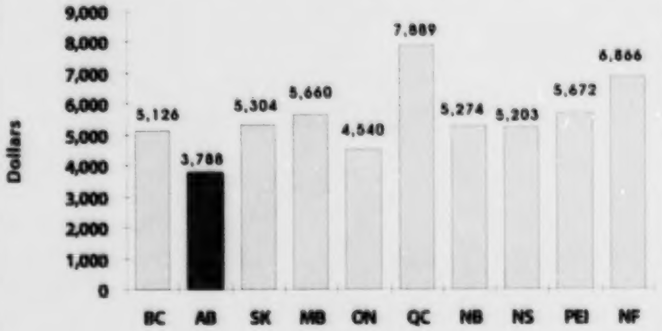
As the five provinces moving to a tax on income in 2000 have not provided sufficient details to recalculate these tables, we have made the calculations using tax rates known at February 1, 2000 based on federal tax payable.

Alberta's tax burden on families is the lowest in Canada. Alberta families pay nearly 1/3 less in combined total provincial taxes and health care premiums than the average of the other nine provinces.

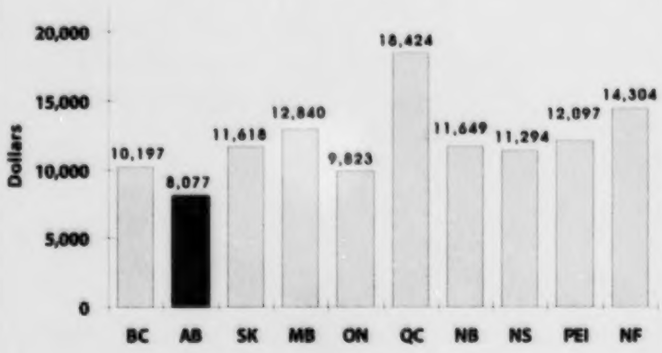
ONE INCOME FAMILY EARNING $30,000



TWO INCOME FAMILY EARNING $55,000



TWO INCOME FAMILY EARNING $100,000



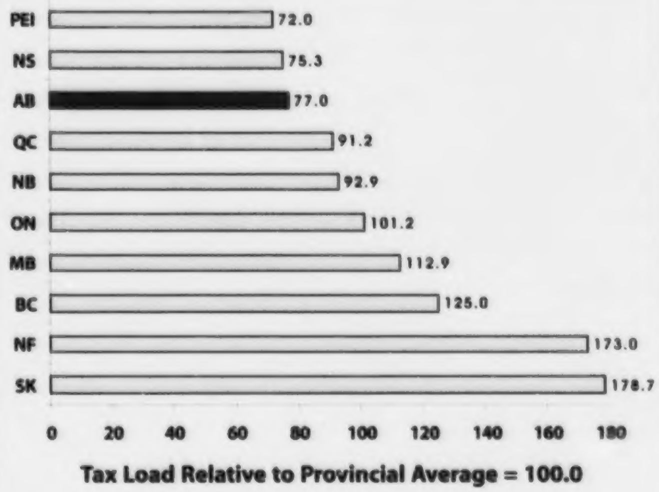
Source: Alberta Treasury.
Note: Assumptions for the calculation can be found in Budget 2000, p 128. Provincial income tax in Quebec is net of the federal abatement.

Taxation Load

Provincial Tax Load on Businesses 1999-2000

This chart compares provincial tax load on businesses. The tax load includes all business-related taxes such as income taxes, capital tax, insurance corporations tax, and other local government taxes.

Alberta has the third lowest business tax load in Canada at 77%. In 1998-99, Alberta had the second lowest business tax load at 76.1%.



Source: Federal Department of Finance, Third Estimate for 1999-2000, February 2000.

Provincial Credit Rating

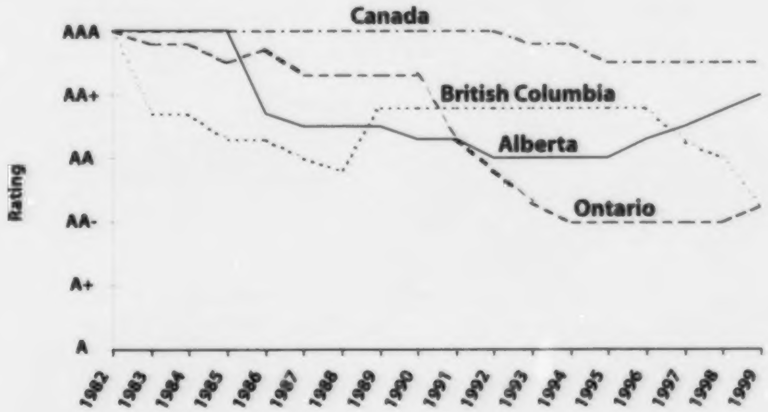
GOAL 11 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

TARGET The highest credit rating among the provinces.

RESULTS Alberta's blended credit rating in 1999 was AA+, the highest among the provinces.

A credit rating is an independent credit rating agency's assessment of the future ability of an organization to repay its long-term debt, and a method of comparing the quality of different bond issues. Alberta's high AA+ blended credit rating reflects the rating agencies' positive assessment of the province's fiscal, economic and political environment. Alberta's top credit rating means that Alberta can borrow money at a lower cost than any other province, reducing the province's debt servicing costs. Although the province cannot have a higher foreign currency debt rating than the sovereign (Canada), its domestic debt rating can be higher.

BLENDED CREDIT RATING - 1999



Source: Alberta Treasury.
Note: The blended credit rating is an average of the credit ratings issued by the following credit rating agencies: Standard and Poor's Rating Services, Moody's Investors Service Limited, Dominion Bond Rating Service, and Canadian Bond Rating Service.

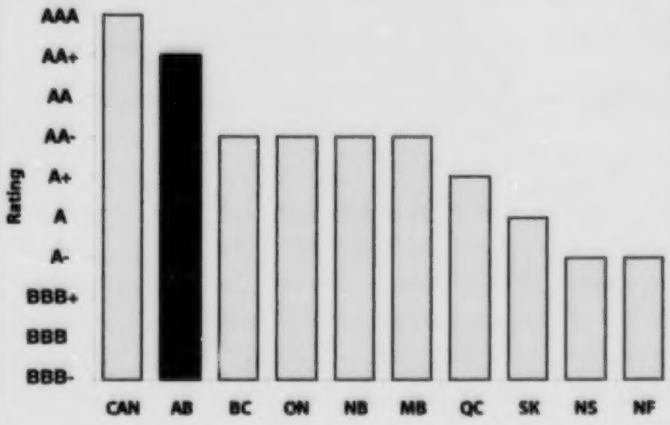
For more information, see the related ministry measures listed in Appendix III.

Provincial Credit Rating

SUPPLEMENTAL INFORMATION

Credit Rating - 1999

The chart compares provincial and federal credit ratings. According to Standard and Poor's, a major credit rating agency, Alberta is the most credit worthy of all the provinces.



Source: Alberta Treasury.
Note: Standard and Poor's Canadian dollar debt ratings as of March 31, 2000. Prince Edward Island was not rated by Standard and Poor's.

CORE MEASURE

Net Debt

(Accumulated Debt)

GOAL 11 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

TARGET Eliminate net debt by 2009-10. Eliminate accumulated debt by 2025.

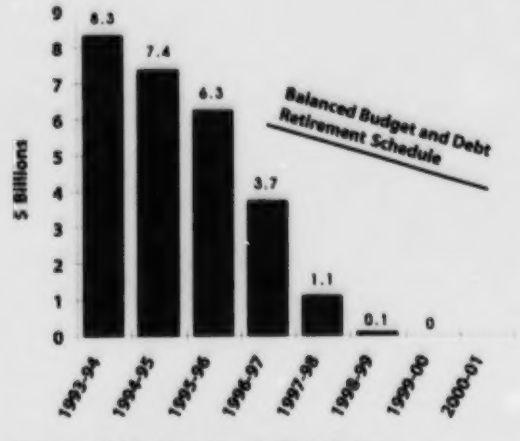
RESULTS The province's net debt was eliminated in the 1999-2000 fiscal year. As of March 31, 2000 the province was in a net asset position of $2.7 billion. Accumulated debt at the end of 1999-2000 was $12.5 billion.

Debt is an indicator of the financial strength of the province and the long-term performance of the government. A high amount of debt becomes a burden to future generations of Albertans.

The province's total net debt is the difference between financial assets and total liabilities, excluding pension obligations. The province's legislated plan (the *Balanced Budget and Debt Retirement Act*) was to eliminate net debt by 2009-10. Net debt was eliminated in 1999-2000.

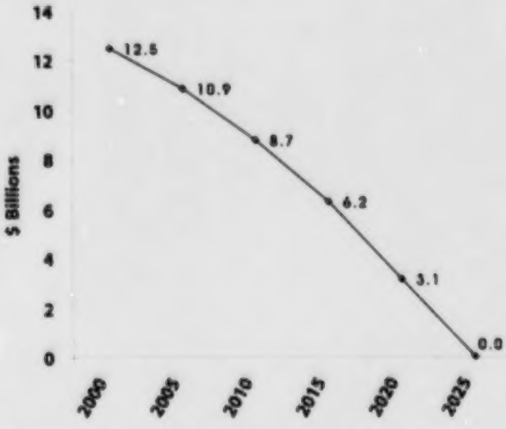
Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction debt. The *Fiscal Responsibility Act* sets out a plan to repay $12.5 billion of accumulated debt over a maximum of 25 years, starting in 2000-2001. The legislation includes five-year milestones for repayment of the accumulated debt.

NET DEBT



Source: Public Accounts and Alberta Treasury.

ACCUMULATED DEBT RETIREMENT SCHEDULE (5 YEAR MILESTONES)



Source: Alberta Treasury, Fiscal Responsibility Act.

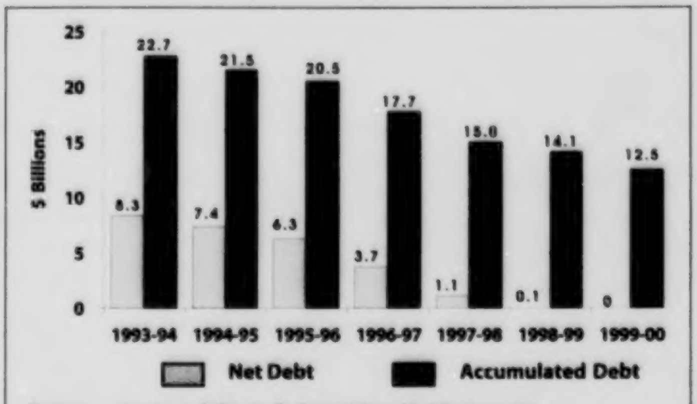
For more information, see the related ministry measures listed in Appendix III.

Net Debt

SUPPLEMENTAL INFORMATION

Net Debt versus Accumulated Debt

Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction debt. Net debt is the difference between financial assets and total liabilities, excluding pension obligations.

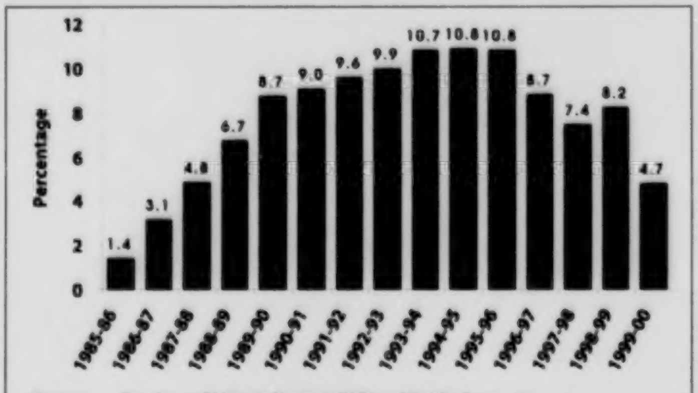


Source: Province of Alberta, Budget 2000 and Public Accounts.

Canadian Institute of Chartered Accountants' Indicators of Government Financial Condition

Alberta Debt Servicing Costs as a Percentage of Provincial Revenue

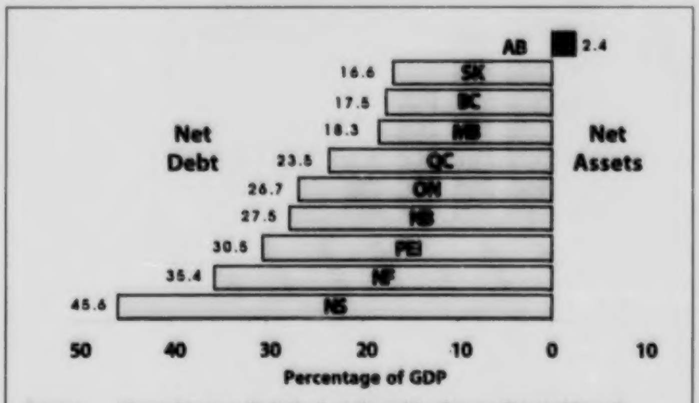
The 1999-2000 debt servicing costs were under $1 billion, down from a high of $1.75 billion in 1994-95. The 1999-2000 decrease resulted from significantly higher revenue and a reduction in debt servicing costs owing to lower debt and a $300 million decline in foreign exchange valuation adjustments on U.S. held debt.



Source: Province of Alberta, Budget 2000 and Public Accounts.

Net Debt/Net Assets as a Percentage of Provincial GDP, 1999-2000

Alberta is the only province in Canada in a net asset position, with net assets of $2.7 billion (2.4% of GDP) as of March 31, 2000.



Source: Alberta Treasury, Statistics Canada and Conference Board of Canada.
Note: Figures are Alberta Treasury projections, based on the latest available provincial data.

CORE MEASURE

Workplace Climate

GOAL 12 - ALBERTA WILL HAVE A FAIR AND SAFE WORK ENVIRONMENT

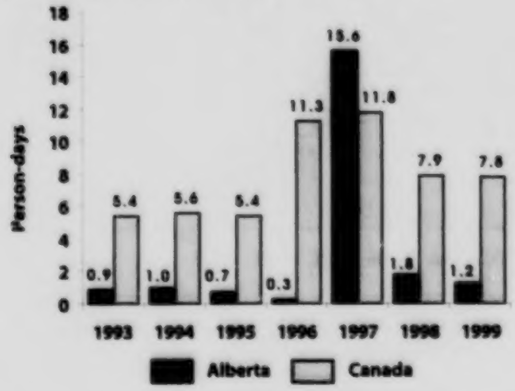
TARGET Minimize the amount of time lost due to workplace disputes and injuries.

RESULT In 1999, Alberta lost 1.2 person-days per 10,000 person-days worked to work stoppages. The rate of person-days lost to workplace injury and disease declined to 31.8 person-days.

These measures reflect protective actions and proactive steps such as increasing levels of partnership among business, labour and government. The workplace injury and disease measure in particular is affected by the economic environment. Increased economic activity tends to result in additional less-experienced workers entering the workforce.

The rate of person-days lost to work stoppages has decreased over the past two years. The rate of person-days lost to workplace injury and disease decreased by 2.5% in 1999.

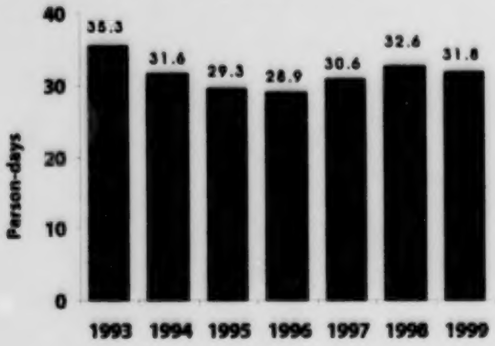
PERSON-DAYS LOST DUE TO WORK STOPPAGES (PER 10,000 PERSON-DAYS WORKED)



Source: Human Resources Development Canada; The Labour Force Survey, Statistics Canada; Public Sector Employment and Wages and Salaries, Public Institutions Division Statistics Canada (CANSIM Matrix 2860).

Note: 1997 Alberta data reflects the effect of the Canada Safeway strike.

PERSON-DAYS LOST DUE TO INJURY AND DISEASE (PER 10,000 PERSON-DAYS WORKED)



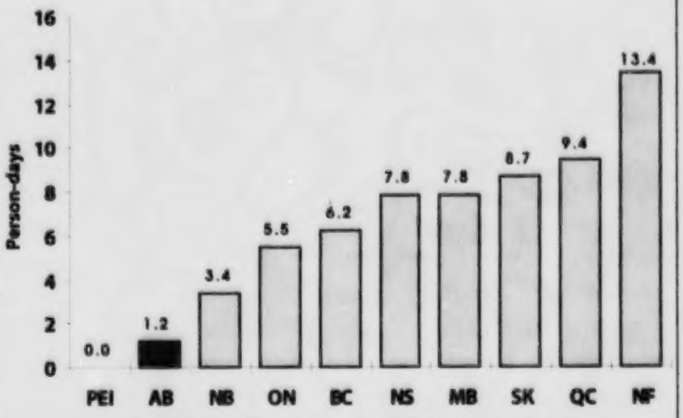
Source: Alberta Human Resources and Employment; Workers' Compensation Board; Labour Force Survey, Statistics Canada; Public Sector Employment and Wages and Salaries, Public Institutions Division Statistics Canada (CANSIM Matrix 2860).

For more information, see the related ministry measures listed in Appendix III.

Provincial Ranking of Person-days Lost per 10,000 Person-days Worked

Work Stoppages - 1999

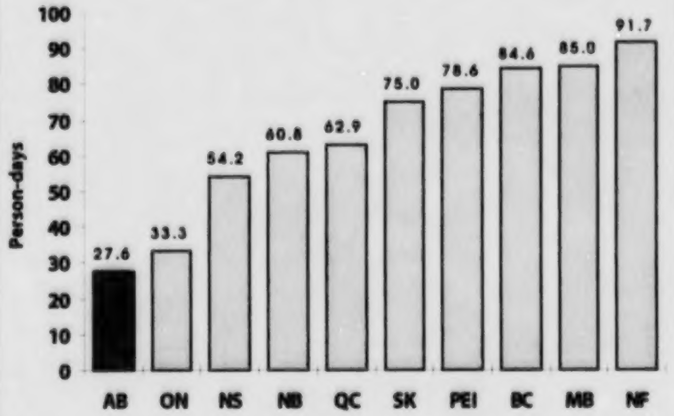
Alberta had the second lowest rate of days lost to work stoppages among the provinces in 1999 (fourth lowest in 1998).



Source: Human Resources Development Canada; The Labour Force Survey, Statistics Canada; Public Sector Employment, Wages and Salaries, Statistics Canada (CANSIM Matrix 2860).

Injury and Disease - 1998

Alberta had the lowest rate of days lost to injury and disease among the provinces in 1998 (also lowest in 1997). The 1998 interprovincial rate differs from the Alberta rate on the previous page owing to different methodologies.



Source: Human Resources Development Canada; The Labour Force Survey, Statistics Canada; Public Sector Employment, Wages and Salaries, Statistics Canada (CANSIM Matrix 2860).

CORE MEASURE

Export Trade

GOAL 13 - ALBERTA BUSINESSES WILL INCREASE EXPORTS

TARGET Increase exports to $39.6 billion by 2000.

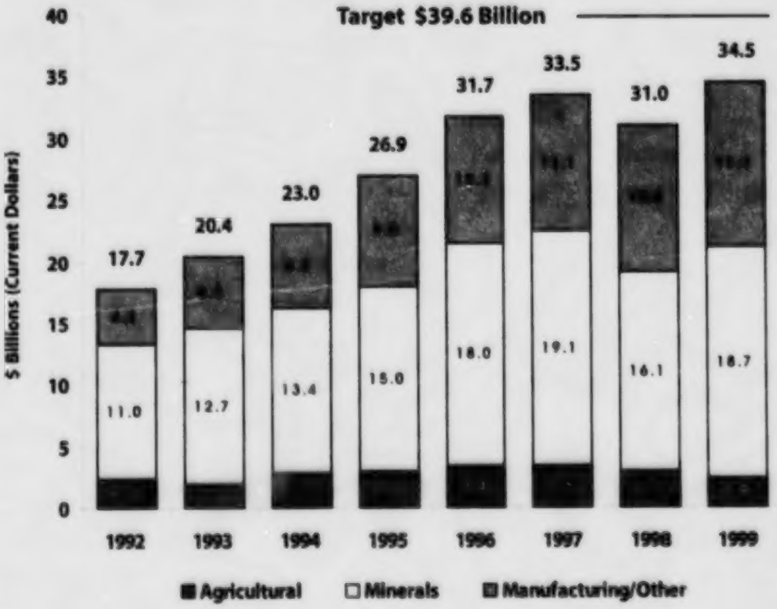
RESULTS Alberta's commodity exports to international markets increased by 11.3% to $34.5 billion in 1999.

The value of Alberta's exports increased in 1999 as commodity prices recovered.

Exports are a vital part of Alberta's economy. As indicated in the graph, manufacturing exports have grown significantly, although resources continue to represent a significant portion of Alberta's exports.

VALUE OF ALBERTA'S INTERNATIONAL EXPORTS

(BY MAJOR COMMODITY GROUP)



Source: Alberta Economic Development (derived from Statistics Canada data).

For more information, see the related ministry measures listed in Appendix III.

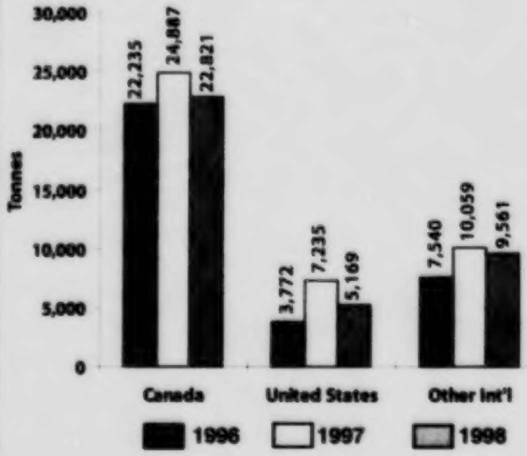
Export Trade

SUPPLEMENTAL INFORMATION

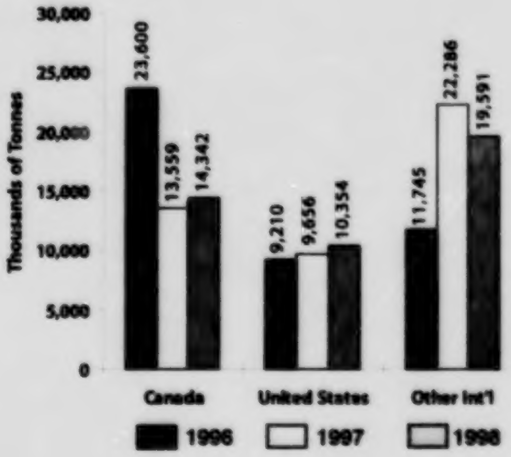
Alberta Exports - Volume of Goods Shipped

Statistics Canada monitors the value and volume of goods shipped for certain modes of transportation. Tracking the value of goods shipped may obscure a decline in total volume if prices are increasing. Conversely, a fall in price may reduce the value of exports with no change in the volume shipped.

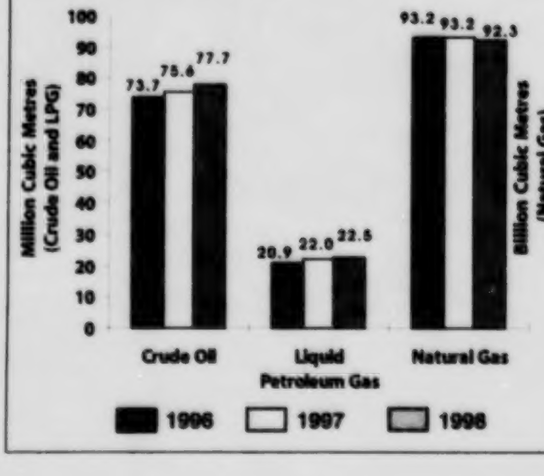
AIR CARGO SHIPMENTS



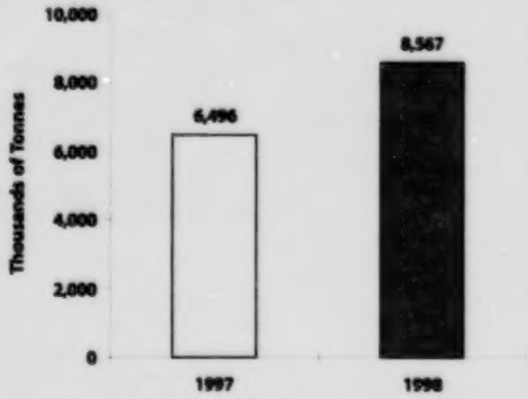
RAIL SHIPMENTS



PIPELINE SHIPMENTS - CANADA AND INTERNATIONAL



TRUCK SHIPMENTS - CANADA



Source: Statistics Canada - Cat. No. 52-216, 51-203-XPB, 55-201-XPB, 57-205-XPB, 53-222.

Preservation

1999 2000 Annual Report

GOVERNMENT OF ALBERTA

Preservation

Preserving the Alberta tradition of:

- a safe society where justice prevails
- a clean environment
- strong values and culture
- pride in Alberta and strength within Canada
- strong communities.

There are five government goals for the Preservation core business and seven performance measures. Overall, one measure indicates declining performance, two measures show an improvement, and there has been no significant change in performance in the other four measures. The following are the 1999-2000 performance highlights for the Preservation measures.

MEANING OF SYMBOLS

⇧	improved performance (5% higher)
▬	no significant change in performance from previous year
⬇	declining performance (5% lower)

PERFORMANCE HIGHLIGHTS

⬇ **Crime Rate** - In 1998, the violent crime rate increased by 1.2%, while the property crime rate continued to fall, dropping by 2.2%. Although Alberta's crime rate did not change significantly from 1997, the gap between Alberta's rate and the Canadian rate increased.

▬ **Resource Sustainability** - Alberta's timber harvest remains below the annual allowable cut. The coniferous harvest was at 71% of the annual allowable cut; the deciduous harvest was at 54%. Crop yield on agricultural land bettered our target of .98 tonnes/acre.

▬ **Air Quality** - On average, the quality of Alberta's air continues to be rated either good or fair every day, with 357 days rated good in 1999.

▬ **Water Quality** - Water quality downstream of Edmonton and Calgary on the North Saskatchewan and Bow Rivers respectively, has improved due to upgraded municipal wastewater treatment.

⇧ **Land Quality** - Land productivity, expressed as crop yield per acre, has improved to 1.02 tonnes/acre bettering the target of .98 tonnes per acre.

▬ **Heritage Appreciation** - Visitation to natural, historical and cultural sites has remained relatively constant over the past few years.

⇧ **Intergovernmental Relations** - In 1999, the margin of Alberta's approval rating in federal-provincial relations over that of the four province average increased by 5 percentage points.

OPPORTUNITIES FOR IMPROVEMENT

- **Crime Rate** - Alberta's property and violent crime rates remain above the Canadian level. Alberta's violent crime rate was 11.2% above the Canadian rate, while property crime was 8.4% above the Canadian level.
- **Water Quality** - Water quality continues to be poorer downstream from areas of municipal, agricultural, or industrial development than upstream. General runoff from both urban and rural areas is a concern; however, many point sources of pollution to Alberta's major rivers, such as discharges from industrial plants, are being effectively managed.

CORE MEASURE

Crime Rate

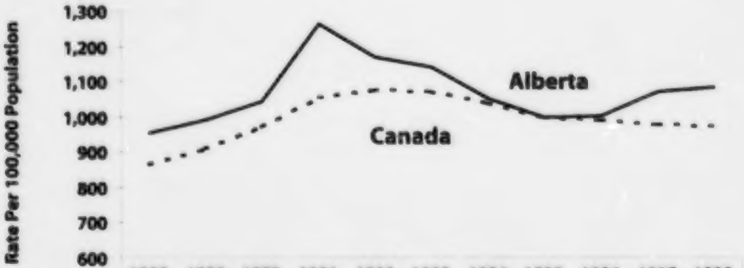
GOAL 14 - ALBERTA WILL BE A SAFE PLACE TO LIVE AND RAISE FAMILIES

TARGET Reduce Alberta's crime rates below the national rate by the year 2000.

RESULTS In 1998, Alberta's violent crime rate was 11.2% above the Canadian level and our property crime rate was 8.4% above the Canadian rate. Alberta's violent crime rate showed a slight (1.2%) increase in 1998, but property crime continued to fall, dropping by 2.2%.

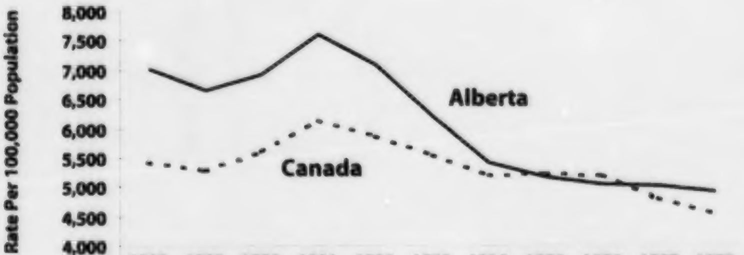
Since 1991, the property crime rate has fallen by 35.3%. Although Alberta's crime rates did not show a marked change from 1997, the Canadian rate continued to fall, increasing the gap between Alberta and the national rate.

VIOLENT CRIME RATE



	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Alberta	956	989	1,042	1,262	1,171	1,141	1,050	999	1,002	1,071	1,084
Canada	865	908	970	1,056	1,078	1,074	1,038	998	990	980	975

PROPERTY CRIME RATE



	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Alberta	7,026	6,662	6,919	7,603	7,094	6,218	5,417	5,177	5,059	5,033	4,922
Canada	5,419	5,271	5,593	6,143	5,870	5,534	5,209	5,236	5,213	4,817	4,541

Source: Canadian Centre for Justice Statistics, Canadian Crime Statistics, Cat. 85-205-XPE.

For more information, see the related ministry measures listed in Appendix III.

Crime Rate

SUPPLEMENTAL INFORMATION

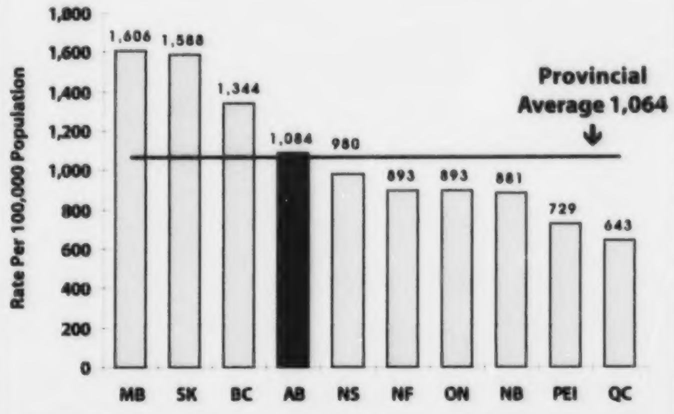
Canadian Crime Rates by Province (Rates per 100,000 Population)

While the core measure looks at Alberta's crime rates over time, these charts compare our crime rates in 1998 to those of the other provinces.

There is a significant range in provincial rates. Alberta has the lowest violent and property crime rates among the western provinces.

Violent Crime (1998)

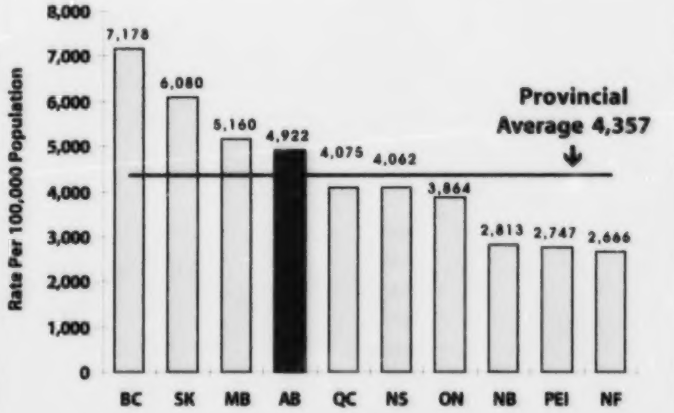
Violent incidents involve offences that deal with the application, or threat of application, of force to a person. These include homicide, attempted murder, various forms of sexual and non-sexual assault, robbery and abduction.



Source: Canadian Centre for Justice Statistics, Canadian Crime Statistics, 1998.

Property Crime (1998)

Property incidents involve unlawful acts with the intent of gaining property but do not involve the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crimes.



Source: Canadian Centre for Justice Statistics, Canadian Crime Statistics, 1998.

Crime Rate

SUPPLEMENTAL INFORMATION

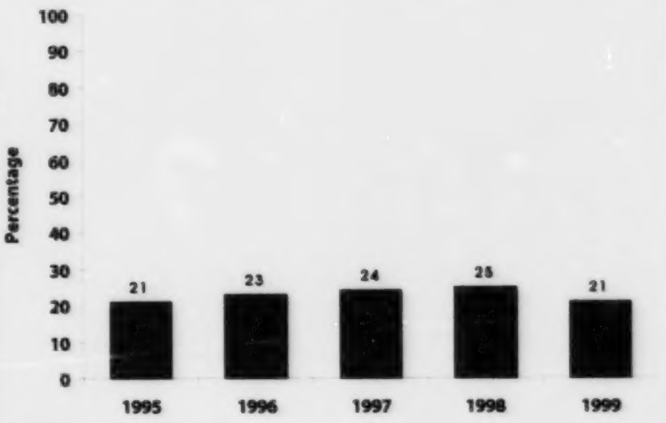
Victimization Survey

Victimization surveys contain information on a greater number of criminal incidents than police reported crime since victims are asked to describe all incidents: those incidents which were reported to the police as well as those which were not reported. However, victimization surveys by their nature exclude the collection of information on homicide, "victimless" crimes (prostitution, drugs, and gambling), crimes committed against commercial or public property, and crimes committed against children.

In general, the relationship between victimization survey results and official police statistics in measuring the real incidence of crime in society is still being defined; however, these two survey methods produce complementary statistical perspectives on the same general phenomenon of crime.

Victimization Rate

This graph shows the percentage of Albertans surveyed who stated that they had been a victim of crime within the past year. The four top crimes reported were home thefts and break-ins (39%), vandalism (26%), personal robberies (15%), and assaults and muggings (10%).



Source: Environics West.

Crime Rate

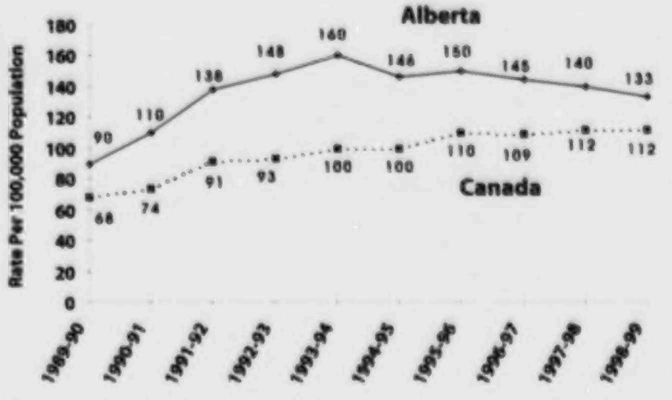
SUPPLEMENTAL INFORMATION

Youth Crime

This measure gives researchers an indication of how youth crime impacts the population as a whole. All provinces in Canada measure youth crime using the number of criminal charges brought against youth compared to the total population of an area.

Violent Youth Crime Rate

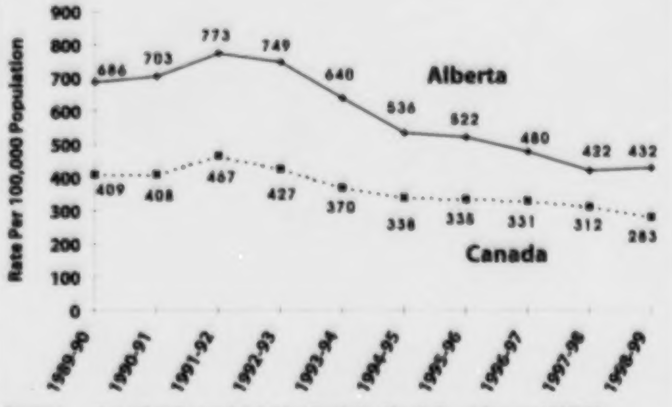
Violent crime by Alberta youth decreased by 5.0% in 1998-99.



Source: Canadian Centre for Justice Statistics, Youth Court Survey 1998-99.

Youth Property Crime Rate

In 1998-99, property crime by Alberta youth increased by 2.4% while the national rate continued to decline.



Source: Canadian Centre for Justice Statistics, Youth Court Survey 1998-99.

CORE MEASURE

Resource Sustainability

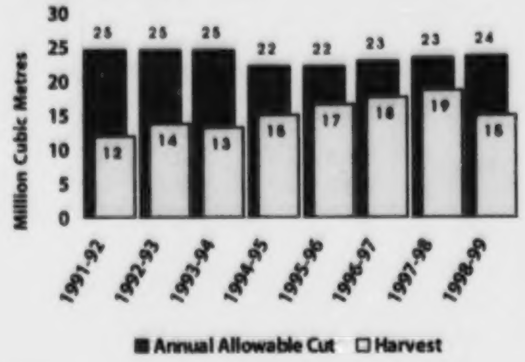
GOAL 15 - ALBERTA'S NATURAL RESOURCES WILL BE SUSTAINED

TARGET Prolong the reserve life of Alberta's oil and gas; keep Alberta's timber harvest at or below the annual allowable cut; and increase farm crop yield to 0.98 tonnes per acre by the year 2000.

RESULTS Non-renewable oil, gas and coal reserves are significant. Alberta's timber harvest remained below the annual allowable cut and farm crop yield per acre increased to 1.02 tonnes per acre.

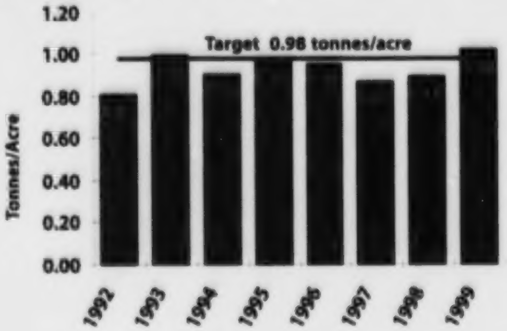
Alberta's natural resources are the foundation of our economy. Ensuring the long term sustainability of our renewable resources (forests and agricultural lands) will help ensure long term prosperity for the province. Wise use of our non-renewable resources (oil, oil sands and natural gas) will ensure that current and future generations benefit from their use. These indices for oil and gas, forestry and agricultural land indicate the general health of these resources and their ability to maintain production on a sustainable basis.

TIMBER SUSTAINABILITY



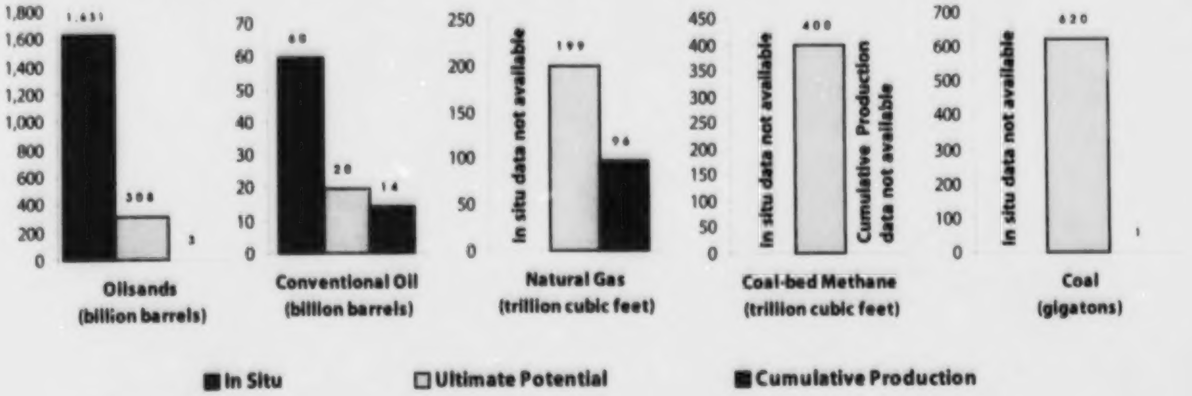
Source: Alberta Environment.

LAND PRODUCTIVITY



Source: Alberta Agriculture, Food and Rural Development.

NON-RENEWABLE ENERGY RESOURCES (UNAUDITED)



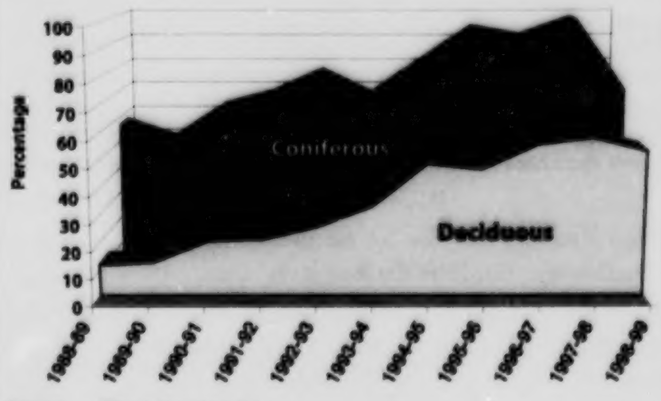
Source: The Alberta Energy and Utilities Board.

For more information, see the related ministry measures listed in Appendix III.

Timber Harvest as a Percentage of the Annual Allowable Cut

This graph indicates the annual timber harvest of coniferous and deciduous timber as a percentage of the annual allowable cut (AAC) within the Green Area. The Green Area is primarily the unsettled portion of the province defined as lands not available for agricultural development other than grazing. The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. The AAC is adjusted to reflect changes in timber supply, availability and forest management strategies.

Harvest activity for 1998/99 was focussed on salvaging the timber impacted by the severe 1998 forest fires. Other factors that can affect the annual allowable cut and the volume harvested include variations in timber prices, changes to reserved areas, forest regeneration success, and insects and disease.



Source: Alberta Environment.

	PERCENTAGE OF THE ANNUAL ALLOWABLE CUT	
Year	**Coniferous**	**Deciduous**
1988-89	56.8	11.8
1989-90	50.7	12.7
1990-91	63.7	20.9
1991-92	68.8	21.2
1992-93	78.0	26.0
1993-94	68.1	33.7
1994-95	82.0	49.5
1995-96	95.3	47.3
1996-97	91.7	56.7
1997-98	98.5	59.0
1998-99	70.6	53.9

Source: Alberta Environment.

CORE MEASURE

Air Quality

GOAL 16 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

TARGET Maintain air quality at levels which are considered "good" or "fair" at all times.

RESULTS There were no days rated "poor" or "very poor" last year.

One of Albertans' key concerns about the environment is the quality of air we breathe. Ensuring the protection of Alberta's clean air is paramount to maintaining our health and quality of life (see also *Life Expectancy at Birth* and supplemental information). Poor air quality may also have negative effects on crop quality and production (see also *Land Quality*). The air quality index provides an indication of the quality of air in Alberta throughout the year.

AIR QUALITY DAYS

	Good	Fair	Poor	Very Poor
1987	350	15	0	0
1988	355	11	0	0
1989	356	9	0	0
1990	354	11	0	0
1991	352	13	0	0
1992	361	5	0	0
1993	359	6	0	0
1994	349	16	0	0
1995	358	7	0	0
1996	360	6	0	0
1997	359	6	0	0
1998	354	11	0	0
1999	357	8	0	0

Source: Alberta Environment.

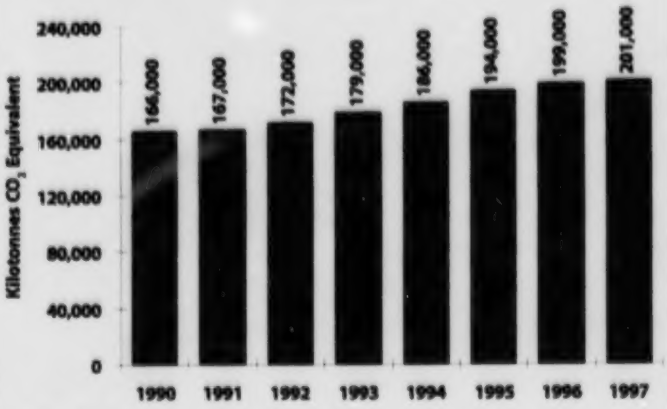
For more information, see the related ministry measures listed in Appendix III.

Air Quality

SUPPLEMENTAL INFORMATION

Alberta Greenhouse Gas Emissions

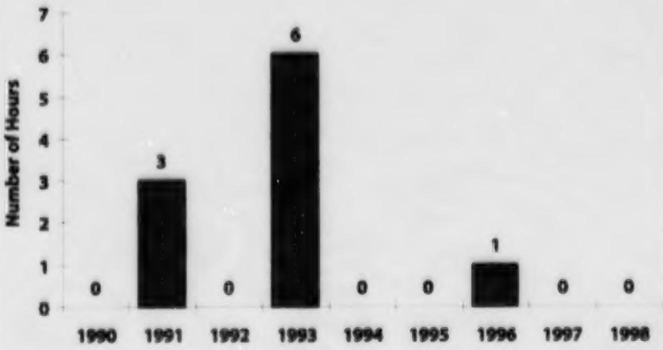
Greenhouse gases include water vapour, carbon dioxide (CO2), ozone, methane, nitrous oxide, and hydrofluorocarbons.



Source: Environment Canada and Alberta Environment.

Nitrogen Dioxide Levels Exceeding Guideline

Nitrogen dioxide may be toxic to plants at high concentration levels, and can irritate the lungs and increase susceptibility to respiratory infections. The largest urban source is motor vehicle emissions.



Source: Alberta Environment.
Note: Data collected from industry operated stations throughout the province.

CORE MEASURE

Water Quality

GOAL 16 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

TARGET Bring river quality downstream of developed areas in line with upstream conditions.

RESULTS Overall, the water quality of Alberta's major rivers is "excellent" to "fair"; however, water quality tends to be lower downstream of areas of significant urban, industrial or agricultural development.

The quality of Alberta's water bodies is evaluated to determine how suitable the water is for various uses, including recreation, agriculture and the protection of aquatic life. River water quality is used for this measure as the effects of human activities are generally more evident in rivers than in lakes.

Upgraded municipal wastewater treatment (disinfection) in Calgary (1997) and Edmonton (1998) has resulted in improved water quality downstream of these cities.

There is minimal threat to water quality rated "good" or "fair". "Marginal" or "poor" ratings indicate that water quality is often significantly impaired.

ALBERTA SURFACE WATER QUALITY INDEX

LOCATION	1995-96	1996-97	1997-98	1998-99	COMMENTS
BOW RIVER					Water quality is better upstream of Calgary than downstream. Improvements in municipal wastewater treatment over the past decade have greatly improved conditions downstream.
upstream of Calgary	☆	☆	☆	☆	
downstream of Calgary	○	○	✓	✓	
NORTH SASKATCHEWAN RIVER					Overall water quality is better upstream of Edmonton than downstream. However, upgraded municipal wastewater treatment (1998) has reduced the number of bacteria in the river downstream of Edmonton.
upstream of Edmonton	✓	✓	☆	✓	
downstream of Edmonton	○	●	○	○	
RED DEER RIVER					Nutrient levels are occasionally high both upstream and downstream from Red Deer.
upstream of Red Deer	✓	○	n/a	✓	
downstream of Red Deer	✓	✓	n/a	✓	
OLDMAN RIVER					Bacteria and nutrient guidelines are occasionally exceeded at both sites. Pesticides are detected more frequently at the downstream location.
upstream of Lethbridge	●	○	✓	✓	
downstream of Lethbridge	○	○	✓	○	
SMOKY/PEACE RIVER					High concentrations of metals and nutrients are sometimes measured at both sites, particularly under high flow conditions.
at Watino	✓	○	○	✓	
at Ft. Vermilion	n/a	✓	✓	✓	
ATHABASCA RIVER					Metal concentrations occasionally do not meet guidelines under high flow conditions. This is a natural occurrence.
at Athabasca	✓	✓	✓	✓	
at Old Fort	n/a	✓	✓	✓	

Index based on the results of testing water quality for four variable groups compared to water quality guidelines.

☆	95-100	**Almost always met (Excellent)**	●	45-64	**Often not met, sometimes by large amounts (Marginal)**
✓	80-94	**Occasionally not met, but usually by small amounts (Good)**	✖	0-44	**Almost always not met by large amounts (Poor)**
○	65-79	**Sometimes not met by moderate amounts (Fair)**			

Source: Alberta Environment.
Note: n/a - overall scores are not provided as no pesticide data was available.

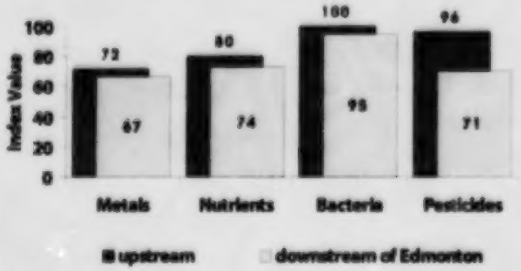
For more information, see the related ministry measures listed in Appendix III.

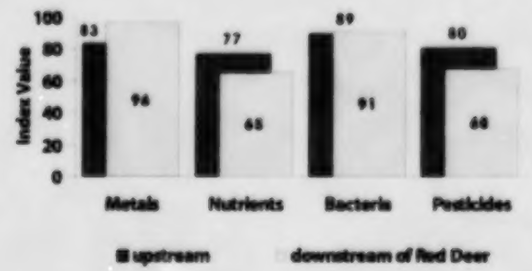
Water Quality

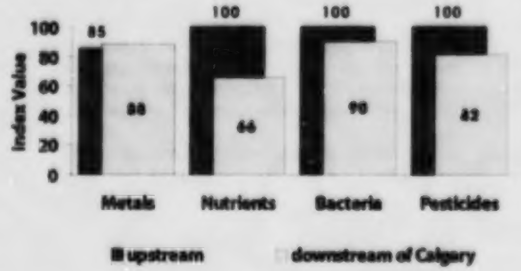
SUPPLEMENTAL INFORMATION

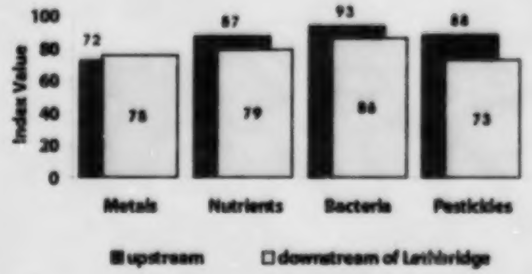
Water Quality Index Values for Specific Variable Groups (1998-99)

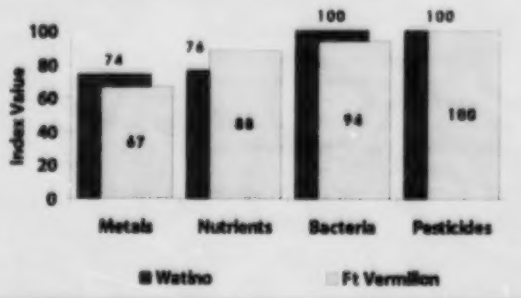
The overall water quality index value is the average of individual index values calculated for four variable groups: metals, nutrients (plus dissolved oxygen and pH), bacteria, and pesticides. Each of these groups reflects specific water quality issues that can affect different water uses.

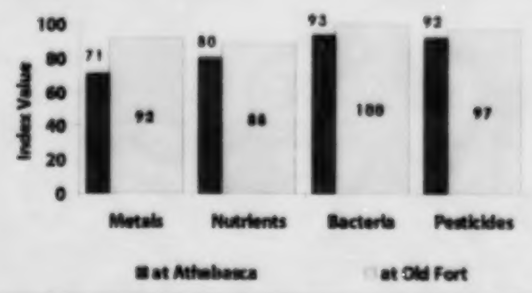

NORTH SASKATCHEWAN RIVER


RED DEER RIVER


BOW RIVER


OLDMAN RIVER


SMOKY/PEACE RIVERS


ATHABASCA RIVER

Source: Alberta Environment.

Index Value:

95-100	Excellent	65-79	Fair	0-44	Poor
80-94	Good	45-64	Marginal		

CORE MEASURE

Land Quality

GOAL 16 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

TARGET Increase crop yield to 0.98 tonnes per acre by the year 2000.

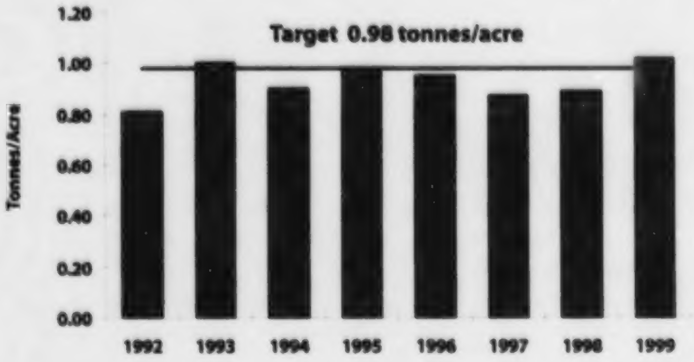
RESULTS Crop yield increased in 1999 to 1.02 tonnes per acre, exceeding the target of 0.98.

Crop yield per acre increased significantly in 1999. Favourable precipitation levels during the growing season over much of southern Alberta resulted in increased provincial output of most crops.

The quality, health and productivity of Alberta's land base is vital to our health and to our economy. Ensuring that land is used wisely for agriculture, forestry, industrial use, municipal development, recreation and tourism, or other uses is critical to our economic, social and cultural well-being.

There are currently no comprehensive Canadian or Alberta indicators for land or soil quality. We are able to test soil quality, but there is no map of soil quality for the province. As a proxy, we are using crop yield on a tonnes per acre basis. Crop yield is an indirect measure of long term land productivity.

LAND PRODUCTIVITY



Source: Alberta Agriculture, Food and Rural Development.

For more information, see the related ministry measures listed in Appendix III.

Land Quality

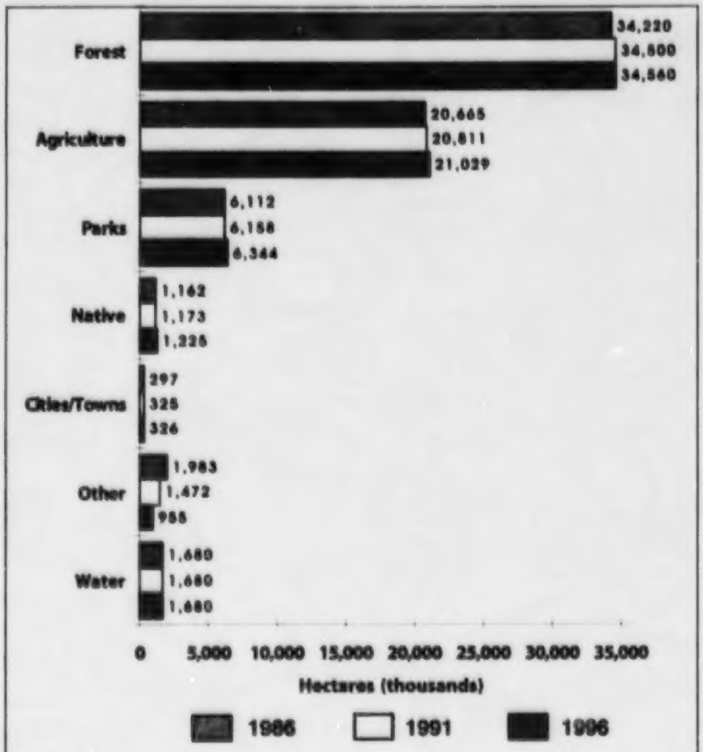
SUPPLEMENTAL INFORMATION

Land Use Changes

(1986 to 1996)

Changes in land use may have implications for the sustainability of natural ecosystems over time. Monitoring the change in land use for municipalities will also indicate the effect of human activities on the land.

Between 1986 and 1996, land use has increased for: forests (340,000 hectares); agriculture (364,000); parks (232,000 hectares); native lands (63,000 hectares) and cities and towns (29,000 hectares).



Source:	
Forest	Alberta Environment, Green Zone estimates with exceptions of Provincial and National Parks and Forests within Aboriginal Areas.
Agriculture	Statistics Canada, 1996 Agricultural Profile of Alberta, Cat. 95-180XPB.
Parks and Water	Compendium of Canadian Forestry Statistics, National Forestry Database 1996.
Native	Alberta International and Intergovernmental Relations.
Cities/Towns	Statistics Canada, 1996 Census of Canada (GEOREF) and Agricultural Census of Canada.

CORE MEASURE

Heritage Appreciation

GOAL 17 - ALBERTANS WILL HAVE THE OPPORTUNITY TO ENJOY THE PROVINCE'S NATURAL, HISTORICAL AND CULTURAL RESOURCES

TARGET 1.1 million visitors per annum to historic sites and museums. Target to be developed for parks visitation.

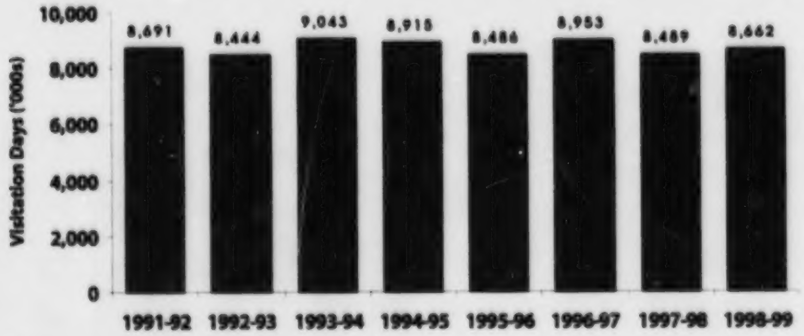
RESULTS Visitation to natural, historical and cultural sites has remained relatively constant over the past few years.

Albertans enjoy a high quality of life owing, in part, to the opportunities to access the province's wealth of natural, cultural and historical resources. These resources include parks and recreation areas, historic sites, museums, libraries, arts programs and recreational opportunities.

Of the total annual visitation to "Historic Sites, Museums and Interpretive Centres", about 40% of the visits are from outside Alberta.

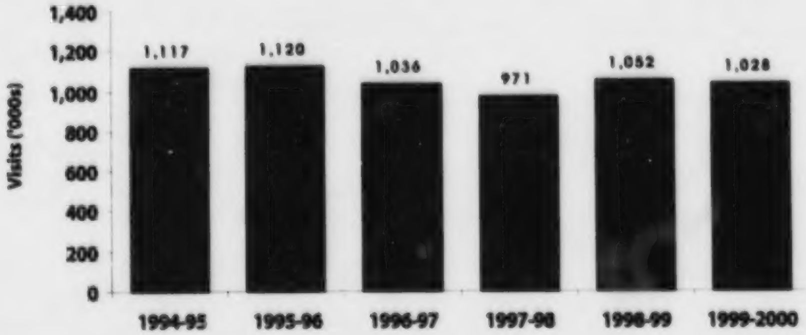
Alberta Environment's target for parks visitation is "to maintain parks visitation rates at or above 8 million."

VISITATION TO PROVINCIAL PARKS AND RECREATION AREAS



Source: Alberta Environment.

VISITATION TO HISTORIC SITES, MUSEUMS AND INTERPRETIVE CENTRES



Source: Alberta Community Development.

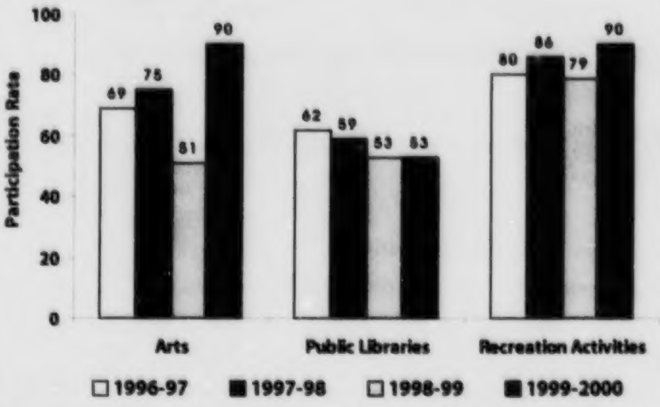
For more information, see the related ministry measures listed in Appendix III.

Heritage Appreciation

SUPPLEMENTAL INFORMATION

Arts, Libraries and Recreation Activities Participation Rate

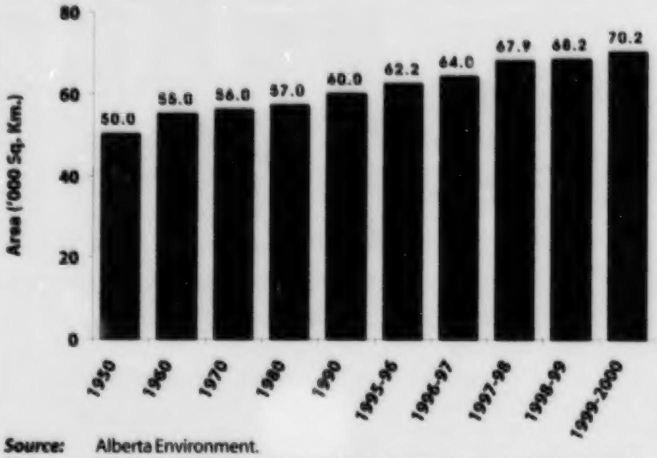
Participation in arts, libraries and recreation activities is an indicator of the opportunities Albertans have to enjoy these resources. This chart shows the percentage of adult Albertans' who visit public libraries and participate in arts activities such as performing in a choir, playing a musical instrument, taking an arts course, visiting an arts exhibition or gallery and recreation activities such as skiing, golfing, skating, hockey, walking, bicycling and swimming.



Source: Alberta Community Development, based on 1997 and 1998 Environics West and 1999 and 2000 Research Innovations Inc. (formerly Advisory Group) surveys.

Special Places

Special Places is a program to preserve representative examples of each of Alberta's six natural regions and 20 sub-regions.



Source: Alberta Environment.
Note: Data from 1950 through 1990 are estimates. Figures include national parks.

Intergovernmental Relations

GOAL 18 - ALBERTA WILL WORK WITH OTHER GOVERNMENTS AND MAINTAIN ITS STRONG POSITION IN CANADA

TARGET Maintain the Alberta government's public approval rating in federal-provincial relations at a level equivalent to the average approval rating of four other provinces (British Columbia, Saskatchewan, Manitoba and Ontario).

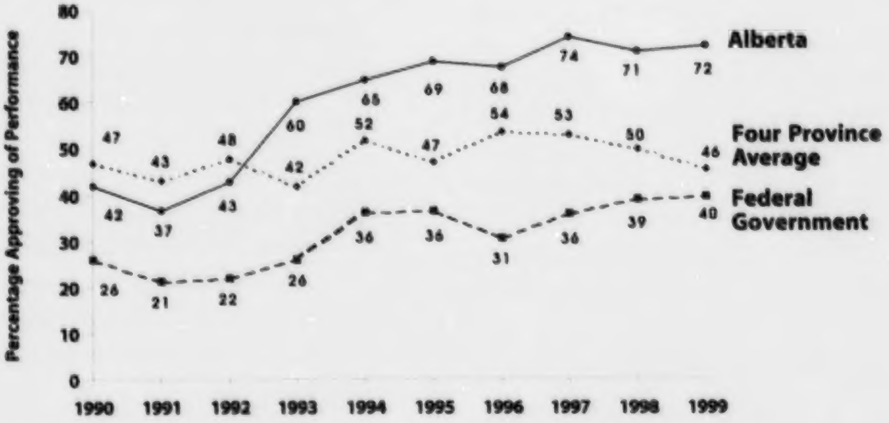
RESULTS The Alberta government's public approval rating in federal-provincial relations increased slightly in 1999. The margin between the average of the four other provinces and Alberta increased by 5 percentage points in 1999.

The Alberta government plays a significant role in the Canadian federation, demonstrating leadership in those policy areas that affect the well-being of Albertans and other Canadians.

In particular, Alberta works to improve the social and economic well-being of Albertans through a more effective and efficient federation. The government recognizes that positive and productive relations between governments are essential for the effective operation of the Canadian federation.

The province continually seeks fair and equal treatment for Alberta within the federation, while recognizing the importance of helping other provinces achieve economic and fiscal self-reliance.

PUBLIC APPROVAL RATINGS IN FEDERAL-PROVINCIAL RELATIONS



Source: Environics Research Group Limited, Focus Canada Report.

For more information, see the related ministry measures listed in Appendix III.

APPENDIX I

Core Measures Methodology

LIFE EXPECTANCY AT BIRTH

Life expectancy estimates are calculated and published by Statistics Canada. The Alberta data are Alberta Health and Wellness estimates. International life expectancies are from the World Health Organization's *World Health Report 1999*, but represents 1998 data.

HEALTH STATUS

Data is collected through a telephone survey conducted for Alberta Health and Wellness of 4,000 randomly selected Alberta households. The question asked of Albertans 18 and over to seek self-reported health status is: *"In general, compared with other people your age, would you say your health is excellent, very good, good, fair, or poor?"*

ECONOMIC STATUS OF CHILDREN

The Market Basket Measure (MBM) of low income calculates income at which a family of two adults and two children has sufficient income to achieve a credible standard of living. To purchase the "market basket" the family must have sufficient income to purchase nutritious food, buy clothing for work and social occasions, house themselves in their community, and pay for transportation and other necessary expenditures. The costs of the items in the MBM vary across the country and are adjusted for different family sizes and configurations. The threshold income is net of income and payroll taxes, child care costs, child support payments and out-of-pocket medical costs.

The 1997 data was calculated using thresholds for 1996 based on the preliminary version of the MBM. These were updated for 1997 by inflating the food, clothing and footwear and rent components by the percentage changes in these components in each province between 1996 and 1997. These thresholds were applied to 1997 income data.

EDUCATIONAL ATTAINMENT

Statistics Canada's Labour Force Survey collects information on the highest level of education achieved by various age groups. We are using the population age group 25-34 years old for this measure.

LITERACY AND NUMERACY LEVELS

Students normally take the grade 9 provincial achievement test at age 14 to 15. The results are based on the number of students actually writing the tests. The provincial expectation is that 85% of the students writing will achieve the acceptable standard. A student achieving the acceptable standard demonstrates that they have met the grade level requirements for that subject. Provincial achievement tests reflect the curriculum and are developed with extensive involvement from classroom teachers, and input from other educators, business and community groups, to ensure that the standards reflect public expectations. The scores at which these standards are demonstrated on each test are initially set by the judgement of a committee of teachers and are then held constant by statistical methods in subsequent years. Literacy data prior to 1995 and numeracy data prior to 1998 are not comparable due to changes in testing and methodology.

FAMILY INCOME DISTRIBUTION

Based on Statistics Canada data on "economic families", who are defined as "a group of individuals sharing a common dwelling unit and related by blood, marriage (including common law relationships) or adoption." Economic family income consists of incomes received by all family members 15 years of age and over. The measure is shown in current dollars.

GROSS DOMESTIC PRODUCT

The three-year average annual growth rate is calculated using Alberta Economic Accounts, Alberta Treasury and Statistics Canada gross domestic product (GDP) data. The growth rate for each year is calculated and the rates are averaged over a three-year period.

JOB GROWTH

Statistics Canada obtains information on employment growth as part of its monthly Labour Force Survey. Using 1996 as a base, we calculate net employment growth from that point. Job growth is calculated on an annual average basis which is the standard method for tracking job growth.

SKILL DEVELOPMENT

Uses Alberta Learning's Employer Satisfaction Survey information. The survey is conducted by telephone and asks employers about the extent to which the Alberta post-secondary system provides appropriate skills to graduates. In 1999, employers who had hired a total of 1,467 graduates within the past two years were surveyed. The 1999 survey was expanded to include program certificate graduates (completed a program of a minimum of 60 hours from an Alberta post-secondary institution). In 1998, employers provided information only for degree and diploma graduates.

VALUE-ADDED INDUSTRIES

The share of provincial gross domestic product accounted for by the resource and manufacturing sectors is calculated using Alberta Economic Accounts data. The value of the resources sector (agriculture, fishing and trapping, forestry, mining), and the manufacturing sector, is divided by total provincial GDP to determine each sector's share of the economy.

INFRASTRUCTURE CAPACITY

Alberta Infrastructure collects traffic volume data for Alberta primary highways. Traffic data is used to calculate the level of congestion based upon the United States Transportation Research Board's *Highway Capacity Manual* guidelines.

The definitions for levels of service are outlined below:

A Vehicles are almost completely unimpeded.
B Ability to maneuver within traffic is only slightly restricted.
C Freedom to maneuver within traffic is noticeably restricted.
D Freedom to maneuver is severely limited.
E Boundary between levels D and E describes operation at capacity. Virtually no usable gaps in traffic.
F Breakdown or bottleneck with queuing.

The National Highway System in Alberta consists of the North-South Trade Corridor, TransCanada Highway 1, Yellowhead Highway 16, Highway 3 (B.C. border to Medicine Hat), Highway 9, and Highways 42, 2 and 35 (from Valleyview to N.W.T. border).

Alberta Resource Development collects monthly data from Nova Gas Transmission Ltd. on natural gas pipeline capacity and throughput at major export points. Capacity shortages in Alberta's internal provincial gas distribution system are supplemented by accessing export pipelines; therefore, the utilization level of the export system can affect provincial supply. Alberta Innovation and Science collects information from Alberta universities about their sponsored research funding from all sources.

COST OF GOVERNMENT

Expresses the per capita cost of government as a percentage of the average per capita expenditure of the other nine provinces.

TAXATION LOAD

The provincial personal income tax rate is reported as a percentage of federal income tax and compared to other provinces.

The tax load data is derived by the Federal Department of Finance using all provincial and municipal tax revenue data. Tax load is expressed as an index with the average provincial tax load equal to 100 basis points. The tax load on persons includes personal income tax, sales taxes, tobacco, gasoline and diesel taxes, local property taxes, and payroll taxes.

PROVINCIAL CREDIT RATING

A blended rate is an average of the credit ratings of domestic debt assessments by Standard and Poor's, Moody's, Dominion Bond Rating Service, and the Canadian Bond Rating Service.

NET DEBT (ACCUMULATED DEBT)

The annual Public Accounts reports the province's net debt for the year. Net debt is defined as the difference between the province's financial assets and its liabilities, excluding pension obligations. Assets do not include capital assets such as land and buildings, but do include external Heritage Fund investments and loans to farmers and small businesses. Liabilities include General Revenue Fund and Crown corporation liabilities, and accounts payable, less Alberta Heritage Savings Trust Fund internal debt holdings.

Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction debt.

WORKPLACE CLIMATE

Human Resources Development Canada (HRDC) provides the number of person-days lost due to work stoppages for each of the 10 provinces in Canada. Strikes and lockouts involving federal government workers are excluded for interprovincial comparison, but are included for the national rate. HRDC data include both legal and illegal strikes and lockouts.

For interprovincial comparison of workplace injury and disease, HRDC provides an estimate of the person-days lost for all provinces based on data it collects from Workers' Compensation Boards. For the Alberta-specific time series of person-days lost to injury and disease, data are provided directly from the Alberta Workers' Compensation Board (WCB), based on claims submitted by its clients. (The WCB data include claims compensated in the reference year and up to three months after the reference year while the HRDC data do not include claims compensated after the reference year.) Injury and disease data are based on employees who are covered by the WCB. Therefore, injury and disease data for groups such as agricultural workers are not collected.

Statistics Canada provides the information used to calculate the person-days worked. The number of paid workers (less federal government and agricultural workers) is converted into person-days worked using the standard of 20.89 working days per month. The number of person-days lost is divided by person-days worked and multiplied by 10,000 to obtain the rates.

EXPORT TRADE

Alberta Economic Development uses Statistics Canada data to monitor the value of goods exported to other countries.

CRIME RATE

Crime is defined as the total number of *Criminal Code of Canada* incidents involving youth and adults. Violent crime involves offences that deal with the application, or threat of application of force to a person. These include homicide, attempted murder, various forms of sexual and non-sexual assault, robbery and abduction. Traffic incidents that result in death or bodily harm are not included. Property crime includes incidents involving unlawful acts with the intent of gaining property but do not involve the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crimes.

Crime statistics are collected using the Uniform Crime Reporting Survey, a common survey used to measure police-reported crime in each Canadian jurisdiction. Crime rates may vary owing to differences in the jurisdiction's enforcement methods, charging practices and available diversion programs, rather than the incidence of actual crime. Population data from Statistics Canada is used to convert reported crime into crime rates per 100,000 population.

RESOURCE SUSTAINABILITY

Timber sustainability compares the annual timber harvest with the long-term sustainable annual allowable cut (AAC) as set by the province within the Green Area. The Green Area is primarily the unsettled portion of the province defined as lands not available for agricultural development other than grazing. The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. (AAC is determined on either an individual forest management unit or specific forest management agreement area basis). Forest management strategies also take into account other forest uses outside of timber production.

Annual allowable cut is established taking into consideration factors such as forest inventory, growth rates, changes to reserved areas, regeneration success, natural mortality, and the impact of fire and insects/disease.

The chargeable harvest level (included in AAC) is what is reported in the timber sustainability performance measure. Fire salvage is not reported as chargeable production as it does not contribute to AAC.

Yearly harvest levels may be greater than the annual allowable cut, but harvest levels cumulated over the five-year period (sum of harvest over a 5-year period) should not exceed the annual allowable cut within each planning area (expressed as 5 times the planning area AAC).

Comparative data may change between reporting years primarily as a result of production audits that are carried out at the conclusion of each five-year planning period.

Crop yield per acre data is collected by Agriculture, Food and Rural Development for the various crops and is converted to a standard base of tonnes per acre of wheat.

Non-renewable energy resource data provided by Alberta Energy and Utilities Board. "In situ" includes all known reserves some of which are not recoverable. "Ultimate potential" includes total volume of resource to be recovered by the time all exploratory and development activity has ceased. "Cumulative production" is total production to date.

AIR QUALITY

The measure is based on data collected from eight continuous monitoring stations across the province - three stations in both Edmonton and Calgary, and one station in both Fort Saskatchewan and Fort McMurray. The data from these stations is used to calculate the Index of Quality of Air (IQUA) every hour.

The IQUA is based on outdoor concentrations of five major air pollutants (carbon monoxide, the dust and smoke, nitrogen dioxide, ozone, and sulphur dioxide). The concentration of each pollutant is converted to an IQUA number, and the highest number is the IQUA for that station. IQUA ratings are divided into Good, Fair, Poor and Very Poor categories. These categories are derived using formulas based on air quality guidelines of the *Alberta Environmental Protection and Enhancement Act* and the National Air Quality Objectives.

WATER QUALITY

This is a new index which is not directly comparable to the index previously reported in *Measuring Up*. Major differences include a new calculation formula, the inclusion of additional variables, and shifting from a calendar year to a fiscal reporting year.

Monthly water quality samples are collected at two locations for each of the province's six major river systems. An index value is calculated for each of four variable groups:

- **Metals** (up to 22 variables measured quarterly);
- **Nutrients** (6 variables measured monthly, includes oxygen and pH);
- **Bacteria** (2 variables measured monthly); and
- **Pesticides** (up to 17 variables measured four times per year, preferably during the summer months).

Index values for the four variable groups are then averaged to produce an overall index of surface water quality that can be tracked over time.

The formula used to calculate index values for each group is based on three statistical attributes of water quality with respect to desirable levels (defined by water quality guidelines in most cases):

- **Scope** – the total number of water quality variables that do not meet guidelines
- **Frequency** – the number of individual measurements for all variables combined that do not meet guidelines
- **Amplitude** – the amount by which measurements do not meet guidelines

Variables in the first three groups are compared to guidelines listed in *Surface Water Quality Guidelines for Use in Alberta*. Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated.

Variables in the fourth group (pesticides) are evaluated based on whether or not they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients and bacteria, do not occur naturally in the environment.

LAND QUALITY

Crop yield per acre is collected by Agriculture, Food and Rural Development for the various crops and is converted to a standard base of tonnes per acre of wheat.

HERITAGE APPRECIATION

Alberta Environment manages the provincial Recreation and Protected Areas Network consisting of provincial parks, ecological reserves, natural areas, wilderness areas and provincial recreation areas. Visitation statistics are collected by the Ministry for provincial parks and recreation areas only. The ministry collects visitation statistics through camping permit sales and automatic traffic counter readings. Adjustments to these readings are based on periodic surveys of visitors. The parks visitation data includes day use and overnight statistics.

Visitation data for historic sites, museums and interpretive centres is collected by Community Development for 18 provincially operated historic sites, museums and interpretive centres. Visitation to other Alberta museums is not reflected in these rates.

INTERGOVERNMENTAL RELATIONS

Four times each year, Environics Research Group Ltd. conducts a regular national opinion poll surveying the views of Canadians regarding the performance of their provincial and federal government in various areas of governance. The results are reported in the *Focus Canada Report*. Albertans are specifically asked to rate their approval or disapproval of the way their government (both their provincial government and the federal government) is handling federal-provincial relations. The average of the four annual surveys shows the percentage of Albertans approving of their respective government's performance.

The Right Balance

GOVERNMENT OF ALBERTA BUSINESS PLAN 1999 -2002

BUILDING ON SUCCESS

Albertans have worked hard these past six years to get the province back in shape … to address our financial problems, eliminate the deficit entirely and begin paying down our debt. At the same time, we've re-examined every aspect of government operations, streamlined and reorganized services, and put a new emphasis on listening to Albertans and achieving positive results.

Today, we can see the results of our efforts.

1998-99 was a good year for Alberta.

We balanced the budget and will be able to make another debt payment of about $672 million at the end of the fiscal year. With this payment, Alberta will take another major step in eliminating the net debt entirely – a goal we expect to achieve by March 31, 2000. We continue to pay the lowest taxes in Canada, and last year, we reduced taxes for all Albertans.

We expanded our plans to reinvest in priority areas, especially health and education. In 1998-99, we increased our health spending by $440 million over the 1997-98 base level to help regional health authorities hire more staff and reduce waiting lists in critical areas like heart surgeries, hip replacements and kidney dialysis. While there clearly are challenges to meet, today's health system is treating more people and performing more procedures than ever before.

In education, reinvestment of $186 million over the 1997-98 base level helped to hire more teachers and teachers' aides, provide better assistance for special needs students, and equip our schools with computers. It also supported new initiatives in early literacy with a goal of ensuring that every Alberta child will be able to read and write well by the time he or she reaches grade three. Alberta's students continue to post good results compared with other students across Canada and around the world. On the post-secondary side, we provided bursaries to 10,000 students and legislated a cap on tuition fees so Alberta students won't pay more than 30 percent of the costs of their education. We invested nearly $20 million in research and development projects at Alberta's universities.

To keep pace with growing pressure on Alberta's roads and infrastructure, government reinvested an additional $130 million on top of the $1.1 billion the government was already spending on infrastructure in 1998-99 and made a commitment to reinvest a further $150 million a year for the next three years to assist municipalities in meeting infrastructure needs.

Alberta's economy continued to show solid growth in 1998. While the pace slowed from 1997, the economy grew at a respectable rate of 3.1%, amongst the best in Canada. 57,000 new jobs were created during the year. We have more people working than ever before, the highest employment growth rate in Canada, and the lowest unemployment rate in the country.

The success we're enjoying today is a direct result of our hard work to get the province back on track and ready for the future.

THE RIGHT BALANCE

Alberta is definitely back on the right track. We spent the last 6 years working with Albertans to get our fiscal house in order. Now Albertans are saying it's time to strike the right balance.

The Right Balance

APPENDIX II

In Premier Klein's words, "Albertans are telling us not only to be prudent but protective of the things that contribute to our quality of life." (St. Albert Chamber of Commerce, September 9, 1998).

In this business plan, the focus of government shifts to a balance between maintaining fiscal responsibility and addressing key issues that contribute to Alberta's quality of life. As Premier Klein said in his recent televised address to Albertans, "We must stay the course of balanced budgets and low taxes. But at the same time, we must protect our quality of life." Alberta's quality of life is vitally important to individual Albertans and their families. But it is also critical to the province's economic future as more businesses and potential investors see the importance of a highly skilled workforce and quality of life as key factors in their investment and business decisions.

The focus for this business plan also shifts to the future … preparing the province and preparing Albertans for a new century. While we'll continue to take care of day to day problems and pressures as they arise, more of our actions will take a longer term view.

As we look ahead to the next three years of this business plan, the primary focus of government will be to strike the right balance in six key areas:

- Fiscal responsibility
- Alberta's economy
- Health
- People
- Education
- Environment

THE FISCAL BALANCE

Albertans have worked hard to get the province's fiscal house back in order, and we need to continue to work hard to keep it that way.

The outlook for the world's economy continues to be uncertain. And Alberta is not immune to financial troubles around the world. Low oil prices continue to be a concern. Many commodity prices are at their lowest levels in years. The Asian economy is uncertain at best, and forecasts for Alberta and Canadian growth in the next year are modest. Revenue fell by $1.2 billion in 1998-99 and is not expected to recover significantly in 1999-2000. And that means we need to be prudent in our spending and tailor our expectations to the financial realities we face.

Global uncertainty combined with lower revenues for the province point to the need to take a balanced approach - spending what we need to spend to make a real difference, and continuing to pay down the debt. Alberta has introduced the *Fiscal Responsibility Act* which legislates a long-term plan to pay down Alberta's accumulated debt once the net debt has been eliminated, and continues to make deficits illegal. Those priorities reflect the views Albertans expressed during the recent *Talk It Up. Talk It Out.* consultations.

The Act also continues the requirement that a cushion be set aside in the budget to protect against a deficit and makes it clear how any excess revenues from realized cushions or in-year revenue increases are to be spent. At least 75% must be targeted to debt repayment and the remainder, up to 25%, will be available for in-year spending increases on Albertans' priorities, such as health, education and infrastructure. This new rule limits unbudgeted spending during the year and increases the importance of good three-year business planning to ensure that all essential funding is adequately provided for in the budget.

THE ECONOMIC BALANCE

Alberta's economy continues to lead the country, thanks in large part to the hard work and determination of Alberta businesses and industries and the people who work for them. Even with global problems, Alberta's economy had a good year. But we can't become complacent.

The Alberta government will continue to let business do what it does best, finding new opportunities to expand business into new markets both here and around the world. The province will concentrate its efforts on making sure Alberta is well positioned to take advantage of opportunities the future will bring.

Alberta is continuing to lead the way on taxes. We are charting an innovative new course that, within three years, will mean a simpler and fairer single-rate income tax system with generous personal and spousal exemptions. We will completely remove the burden of provincial income taxes from an additional 78,000 Albertans. We will reduce the differences in income taxes paid by single and double income families. Albertans' taxes will remain the lowest in Canada and provincial taxpayers will no longer face bracket creep as the provincial system will be fully indexed to inflation.

In the next century, knowledge, innovation and new technology will be the drivers of our economy, much like oil and gas were in the last half of this century. Today, the information and communications technology sector employs 40,000 Albertans. Our goal is to create 35,000 new jobs in the information technology sector by the year 2005. We will continue to create the right climate for business so Alberta companies have a competitive advantage in this fast-growing industry.

To support that growth, we'll work at doubling the number of Alberta post-secondary students entering computing, communications technology, mathematics, physics and computer-related engineering programs over the next two years. We'll work with industry to continue to build Alberta's information and communications infrastructure. Our goal – early in the next century – is for all Alberta schools, homes and businesses to have high speed connections to the Internet. We'll also work with industry and post-secondary institutions to increase the amount of research and development on new technologies and to make Alberta a magnet for new technology business and investment.

THE HEALTH BALANCE

Albertans are strong supporters of the public health system. They want a system that's responsive and there when they need it. This Government is, and will continue to be, a strong supporter of the Canada Health Act. The agreement among federal, provincial and territorial governments to put more funding into health care is a significant step forward in maintaining those principles and the quality of Canada's publicly funded health system. The recent Federal Budget specifically targeted new funding for health care through the Canada Health and Social Transfer program. As it had committed to do, Alberta has matched the $192 million of new federal health funding in 1999-2000 to help ensure that Albertans receive the level and quality of health care services they need.

The priority for this business plan is to improve accessibility to needed health services: improved accessibility to emergency care, home care, long-term care and to specific procedures such as angioplasty, kidney dialysis and joint replacements.

We will continue to search for new and better ways of doing things, including ways of putting more emphasis on prevention of illness and injury, and promotion of good health. The Health Summit, held in February of this year, brought together doctors, nurses, health professionals, health authorities, and members of the public to talk about key questions facing our health system. We've listened to their views and the outcomes of the Summit will help shape and guide our actions over the coming three years.

THE PEOPLE BALANCE

Alberta's 1997 Growth Summit identified people development as the top priority. And government followed through in last year's business plan with a renewed focus on children.

Several government ministries are working together with the Child and Family Services Secretariat to promote healthy development of Alberta's children. As part of the government's overall plan, actions were taken to combat fetal alcohol syndrome, improve children's mental health services, tackle child prostitution, and reduce taxes for low income working families. We've also established 18 new regional authorities, responsible for coordinating and delivering children's services across the province.

As part of this business plan, the emphasis on children, especially children's health, will continue. Increased emphasis will be placed on early intervention to prevent problems before they occur. We will measure the effectiveness of children's services by monitoring the percentage of low birth weight babies and infant mortality. A new student health initiative will also be introduced as part of this business plan. As well, we have enhanced the Alberta Child Health Benefit to provide 100% coverage for optical, dental, ambulance and drug prescription services for children in low income families. In the fall of 1999, a children's forum will be held to address other ways of improving the health and well being of Alberta's children.

THE EDUCATION BALANCE

Preparing for the future means our children and young people need the best possible education.

Building on the steps taken in the past year, the emphasis in basic education will continue to be on literacy, making sure every Alberta child can read and write well by the time he or she begins grade three and making sure all of them are computer literate by the time they leave high school. Preparing for the future means our children and young people need the best possible education. Performance-based funding is already encouraging improved performance in the post-secondary system. Beginning in 2000, we will be the first province in Canada to introduce a program that provides financial rewards to schools for improved student performance in the public education system.

At the post-secondary level, our goal is to ensure that Alberta continues to have the best educated workforce in the country. 23,000 more spaces for post-secondary students will be created by the year 2005.

We also want to ensure that every adult Albertan who wants to pursue a post-secondary education and retraining will be able to do so, no matter where they live in the province or how much money they have. To do that, we'll work on the Campus Alberta concept, encouraging institutions to share facilities and information so students can access courses from different institutions across the province. This means people can pursue lifelong learning without having to quit their jobs or move to another community to continue their studies.

We'll also continue our efforts to make post-secondary education affordable for everyone. The legislated cap on tuition fees guarantees that Alberta students will not have to pay more than 30 percent of the actual costs of their education. The loan remission program ensures that students completing a four-year undergraduate program will have the amount of the loans over $20,000 forgiven.

THE ENVIRONMENT BALANCE

Albertans take pride in the quality of our environment and the beauty of our province. It's a legacy we must protect. As Premier Klein puts it, "Albertans are saying, be careful. Make sure to protect the environment. Make sure we have the proper safeguards against pollution. Be fair, but tough with industry. Take steps to protect Alberta's pristine environment, her clean air and water."

As part of this business plan, government will complete a review of our environmental regulations to ensure that Alberta has the most stringent standards in North America. Those standards will be enforced. Fines paid by those who violate Alberta's standards will go to support environmental protection and preservation efforts.

A climate change roundtable will involve representatives of industry, government and environmental groups in developing a plan for addressing and reducing Alberta's greenhouse gas emissions.

LISTENING AND TALKING WITH ALBERTANS

The Alberta government remains committed to taking our lead from Albertans. Between 1993 and 1997, Albertans logged nearly 1.5 million calls to government information lines, attended more than 5,500 public meetings across the province, and registered nearly 260,000 written and oral submissions to town hall meetings and public consultation initiatives. The *Talk It Up. Talk It Out.* survey late last year on debt, taxes, spending and saving for the future was the most successful of its kind, and continued this commitment.

That level of involvement by Albertans is unprecedented. As part of this business plan, efforts will continue to make it easier for Albertans to learn about actions their government is taking and the results we achieve. Quarterly reporting will be expanded to provide more information for Albertans about what government is doing and what is being achieved for the dollars we spend.

TAKING CONCERTED ACTIONS ACROSS GOVERNMENT

In the past, government ministries tended to work in isolation, developing and implementing their own initiatives and priorities. But as we look ahead, more of the pressures and opportunities we face are not isolated in a single ministry.

Recently, the government has taken major steps to involve a number of ministries working together on cross government initiatives such as the Children's Initiative. As part of this government business plan, the focus on these initiatives will expand. This year's business plan includes a new section outlining a number of key cross-government initiatives that are underway or planned for the next three years. Initiatives are cross referenced to government business plan goals to show how they relate to the outcomes we are trying to achieve.

Each year, the government business plan will focus on four key cross government initiatives. This year's initiatives include the Children's Initiative, the Corporate Human Resources Development Strategy, Knowledge and Innovation, and Capital Planning. A detailed description of these initiatives is contained on pages 152 and 153. Two key initiatives from last year's plan, the Shared Services Initiative, and People and Prosperity will be monitored on an on-going basis. Every year, initiatives will be reviewed and new ones will be added to the priority list, while others may be moved to a monitoring status.

This new direction is consistent with our corporate focus and ongoing emphasis on finding more innovative, effective and productive ways of organizing government activities to meet Albertans' needs.

APPENDIX II

GOALS AND STRATEGIES

Government's actions are focused on three core businesses: People, Prosperity and Preservation. Goals have been set for each of the core businesses. The following section sets out those goals and the key strategies that will be used. More information about strategies and action plans is included in the business plans of individual ministries.

Key cross government initiatives are identified by a key symbol.

People

Helping people to be self-reliant, capable and caring through:

- a healthy society and accessible health care
- basic support and protection for those in need
- lifelong learning
- excellent schools, colleges, universities and training institutes
- supportive families and compassionate communities

GOAL 1 - ALBERTANS WILL BE HEALTHY

• ensure Albertans who are sick get the care they need through accessible quality health services	HW
• prepare for future health needs through ongoing innovation, integration and coordination in health service delivery	HW
• improve accountability and results in the health care system through clear expectations and better information	HW
• provide more services in communities and in people's homes where they need them	HW
• focus on long-term health gains through increased emphasis on programs to prevent illness and injury, and protect and promote good health	CD, HRE, HW, PAO

Abbreviations:

AEDA	Alberta Economic Development Authority	INFRA	Infrastructure
AFRD	Agriculture, Food and Rural Development	IS	Innovation and Science
CD	Community Development	JUS	Justice
CS	Children's Services	LEARN	Learning
ED	Economic Development	MA	Municipal Affairs
ENV	Environment	NADC	Northern Alberta Development Council
GAMING	Gaming	PAB	Public Affairs Bureau
GS	Government Services	PAO	Personnel Administration Office
HRE	Human Resources and Employment	RD	Resource Development
HW	Health and Wellness	TREAS	Treasury
IIR	International and Intergovernmental Relations		

GOAL 2 - OUR CHILDREN WILL BE WELL CARED FOR, SAFE, SUCCESSFUL AT LEARNING AND HEALTHY

• continue implementation of the Alberta Children's Initiative during 1999-2000	CD, CS, HW, LEARN, IIR, JUS
• support Child and Family Services Authorities in the delivery of community-based, integrated services to children and families, with an emphasis on early intervention and on meeting the needs of Aboriginal children	CD, CS, HW, LEARN, IIR, JUS
• provide integrated health and related support services in schools to students with special health needs	CS, HW, LEARN
• maintain the Alberta Child Health Benefit which provides low-income families with the prescription drugs, dental, optical, and ambulance services that their children require	HRE
• introduce health strategies to address priority health issues, including low birth weight babies	CS, HW
• continue health promotion projects aimed at young parents and continue to evaluate the *You're Amazing* program	HW

GOAL 3 - ALBERTA STUDENTS WILL EXCEL

• set high standards to ensure that young people learn and acquire essential skills	LEARN
• continue intensive early skills and English as a second language programs for students needing extra help in the early grades	LEARN
• refine course standards and provide funding to Regional Consortia to support the new high school mathematics program	LEARN
• provide funding to recognize demonstrated improvement in student achievement at the school level	LEARN
• expand teachers' ability to integrate technology into instruction	LEARN
• expand opportunities for youth to develop career preparation and employability skills	HRE, LEARN
• ensure that financial need is not a barrier to accessing further learning	LEARN
• expand adult learning opportunities	LEARN
• report regularly to Albertans on student achievement and other results of Alberta's learning system	LEARN

GOAL 4 - ALBERTANS WILL BE INDEPENDENT

• continue efforts to get social assistance clients into the workforce by improving training programs and providing appropriate financial and health benefits	HRE
• through the People and Prosperity Initiative, ensure that key Growth Summit strategies are implemented	LEARN, all ministries
• ensure up-to-date information on labour market needs, career preparation and opportunities for further learning is available to young people	HRE, LEARN
• improve transitions for youth among school, work and further learning	HRE, LEARN

GOAL 5 - ALBERTANS NOT EXPECTED TO SUPPORT THEMSELVES FULLY WILL RECEIVE HELP

• redesign benefits to better assist those Albertans who are not expected to work and must have ongoing financial assistance	HRE
• support the work of the Persons with Developmental Disabilities board in meeting the needs of adults with developmental disabilities	HW
• ensure that lower income seniors get the financial assistance for which they are eligible through ongoing refinements to the Alberta Seniors Benefit	CD
• work with housing organizations to coordinate housing services and ensure that resources are targeted to Albertans most in need of basic shelter	CD

Prosperity

Promoting prosperity for Alberta through:

- a dynamic environment for growth in business, industry and jobs
- a highly skilled and productive workforce
- open markets in Canada and internationally for trade and investment
- new ideas, innovation and research
- an open and accountable government that lives within its means
- an efficient system of roads, highways, utilities and public spaces.

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

• continue to promote the Alberta Advantage	all ministries
• maintain a globally competitive tax regime to encourage investment and economic activity	AEDA, ED, IS, TREAS
• reward personal initiative by implementing the 1999 Tax Plan	TREAS
• actively work with industry to attract domestic and international investment	AEDA, AFRD, ED, IIR, IS
• support the expansion of Alberta's tourism industry and promotion of Alberta as a world-renowned tourism destination	AEDA, ED, CD
• encourage communities to create and implement viable local and regional economic development plans with key partners	AEDA, AFRD, ED, IIR, MA, NADC
• improve the ability of start-up and early stage companies to access the capital they need to get their businesses up and running	AEDA, AFRD, IS
• facilitate the growth of value-added industries, especially in agri-food and energy sectors	AFRD, ED, IIR, IS, NADC, RD
• remove barriers to national and international trade and investment so Alberta businesses can expand and compete in new markets	AFRD, ED, IIR

GOAL 7 - OUR WORKFORCE WILL BE SKILLED AND PRODUCTIVE

• improve Albertans' ability to enter the workforce and keep pace with changing skills	AEDA, AFRD, ED, HRE, LEARN, PAO
• remove barriers that prevent people from moving easily from job to job or place to place in order to work	AEDA, ED, IIR, LEARN, NADC, PAO
🔑 • continue implementation of the Corporate Human Resource Development Strategy Initiative during 1999-2000	PAO, AFRD, RD, all ministries
• improve the knowledge and skills of Alberta youth, particularly as they relate to employability and the transitions between learning and work	AFRD, HRE, LEARN
• strengthen connections between school and workplace learning	LEARN
• support the implementation of technology outcomes throughout the curriculum	LEARN

GOAL 8 - ALBERTA BUSINESSES WILL BE INCREASINGLY INNOVATIVE

• expand Alberta's focus on basic research and technology	AFRD, ED, IS, RD
🔑 • implement the Knowledge and Innovation Initiative during 1999-2000	IS, ED, LEARN, all ministries
• expand the number of research and technology activities that result in viable commercial products, processes and services	AEDA, AFRD, ED, IS
• encourage the development of private sector laboratories in the area of food production and processing	AFRD, IS

GOAL 9 - ALBERTA'S VALUE-ADDED INDUSTRIES WILL LEAD ECONOMIC GROWTH

• use technology in targeted sectors to expand Alberta's value-added industries	AEDA, AFRD, ED, IS, RD
• define and take action on key science and technology priorities to expand Alberta's economy	AFRD, ED, IS, RD

GOAL 10 - ALBERTA WILL HAVE EFFECTIVE AND EFFICIENT INFRASTRUCTURE

• promote cooperative initiatives among business and industry, government and municipalities to address the needs for infrastructure development	AEDA, ED, GAMING, INFRA, MA, NADC
🔑 • implement the Capital Planning Initiative during 1999-2000	INFRA, TREAS, all ministries
• make strategic improvements to key highway routes to improve trade, including the North-South Trade Corridor	INFRA
• work with local governments to strengthen rural and urban transportation partnerships and ensure that Alberta has a safe and efficient system of roads	INFRA, MA
• restructure Alberta's electric industry to further the development of a competitive deregulated market	RD
• protect Alberta's multi-billion dollar investment in physical infrastructure for educational institutions, health care, seniors' housing, water management and other government programs through appropriate maintenance and upgrading	AFRD, CD, ENV, HW, LEARN, INFRA, MA
• develop and implement advanced telecommunications and information management systems for improved communications, service delivery and efficient government administration	CD, HW, IS, LEARN, TREAS

GOAL 11 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

• continue Alberta's solid fiscal plan including balanced budgets, low taxes, orderly paydown of Alberta's debt, targeted spending, capital planning and demonstrated results	TREAS
• ensure all regulation is necessary and eliminate the ones which are not	all ministries
• provide regular reports to Albertans on goals, and financial and non-financial performance measures	all ministries
• provide efficient management of government resources and communications	INFRA, IS, PAO, TREAS

🔑 • continue to monitor progress on the Shared Services in Government Initiative	all ministries
• meet Albertans requested needs for more information on government programs and services, and make it easier for them to give their feedback and opinions	all ministries

GOAL 12 - ALBERTA WILL HAVE A FAIR AND SAFE WORK ENVIRONMENT

• promote high standards in the workplace in terms of labour relations framework and dispute resolution, and workplace health and safety	HRE, PAO
• provide education, information and consultation services to eliminate discrimination and barriers to full participation for all Albertans	CD

GOAL 13 - ALBERTA BUSINESSES WILL INCREASE EXPORTS

• expand national and international market opportunities for Alberta's value-added industries and services	AEDA, AFRD, ED, IIR
• improve Alberta's ability to compete and do business in global markets by expanding people's understanding of world languages and cultures	AEDA, ED, LEARN, IIR
• assist Alberta firms in identifying and pursuing international projects, market and contracts	AFRD, ED
• provide market intelligence and information about export opportunities	AFRD, ED
• coordinate Alberta's participation in strategic international relationships and agreements with key trading partners, states and provinces	AFRD, ED, IIR
• work with industry to encourage increased pipeline capacity out of the province	RD

Preservation

Preserving the Alberta tradition of:

- a safe society where justice prevails
- a clean environment
- strong values and culture
- pride in Alberta and strength within Canada
- strong communities.

GOAL 14 - ALBERTA WILL BE A SAFE PLACE TO LIVE AND RAISE FAMILIES

• protect human rights for all Albertans	CD
• encourage police services to expand community policing	JUS
• focus resources on preventing crimes that pose the greatest risk to public safety	JUS
• take action on changes in administration of the *Young Offenders Act*	JUS
• improve the efficiency of the regulatory process through implementing the *Fair Trading Act*	GS
• take action to improve traffic safety through driver education, road safety awareness and compliance	INFRA
• assist municipalities in preparing for emergencies and responding to major disasters	ENV, MA

GOAL 15 - ALBERTA'S NATURAL RESOURCES WILL BE SUSTAINED

• provide clear, effective direction and guidelines for the use, management, regulation and development of Alberta's renewable and non-renewable resources	AFRD, ENV, RD
• reduce the impact of natural hazards such as fire, drought, flood and pests on people, property and resources	AFRD, ENV
• implement the long-term environmentally sustainable approach to agriculture programming	AFRD

GOAL 16 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

• ensure standards are acceptable and take action to maintain the quality of air, land, water and ecosystems	ENV
• ensure clear responsibility and accountability for environmental management, including the respective roles of government (federal and provincial) and industry	AEDA, ENV, IIR, RD
• provide predictable, consistent, and streamlined regulations for land use and resource management	AEDA, AFRD, ENV, RD
• maintain public safety, conservation of resources, and protection of the environment through effective monitoring and enforcement programs	AFRD, ENV, RD

GOAL 17 - ALBERTANS WILL HAVE THE OPPORTUNITY TO ENJOY THE PROVINCE'S NATURAL, HISTORICAL AND CULTURAL RESOURCES

• support and encourage the development of arts and culture as fundamental assets in Alberta's quality of life	CD, GAMING
• coordinate and support a province-wide library system	CD
• preserve, protect and present Alberta's unique cultural and natural history through programs, exhibits, historic sites and museums	CD
• protect and manage Alberta's parks and natural reserves	ENV
• improve understanding of Alberta's environment	ENV
• provide Albertans with opportunities to contribute to environmental protection and natural resource management	ENV

GOAL 18 - ALBERTA WILL WORK WITH OTHER GOVERNMENTS AND MAINTAIN ITS STRONG POSITION IN CANADA

• improve fiscal arrangements to ensure that federal revenues are shared fairly among the provinces	IIR, TREAS
• ensure that Alberta's interests are represented and protected in key federal programs and initiatives, and interprovincial and international negotiations	IIR

• participate fully in discussions across Canada on Aboriginal self-government	IIR, TREAS
• work in partnership with local governments to promote healthy and sustainable communities throughout Alberta	HRE, MA, GAMING
• continue to promote a strong and united Canada	all ministries

The Right Balance

APPENDIX II

1999-2002 GOVERNMENT BUSINESS PLAN

Goals, Performance Measures, and Targets

Goals	Measures	Targets
People		
1. Albertans will be healthy.	• Life Expectancy at Birth • Health Status	• 77.0 years for males and 83.0 years for females. • Reduce the percentage of Albertans who rate their health as only fair or poor.
2. Our children will be well cared for, safe, successful at learning and healthy.	• Economic Status of Children	• To be developed.
3. Alberta students will excel.	• Educational Attainment	• To be developed.
4. Albertans will be independent.	• Literacy and Numeracy Levels • Family Income Distribution	• 85 percent of Grade 9s meet the acceptable standards in math and language arts. • Reduce the percentage of families with income under $20,000 to 5 percent by 2007.
5. Albertans not expected to support themselves fully will receive help.	• Under construction	• To be developed.
Prosperity		
6. Alberta will have a prosperous economy.	• Gross Domestic Product • Job Growth	• Long-term GDP growth rate of 4 to 6 percent. • 155,000 new jobs from December 1996 to December 2000.
7. Our workforce will be skilled and productive.	• Skill Development	• 90% of employers satisfied with recent graduates' skill levels.
8. Alberta businesses will be increasingly innovative.	• Under construction	• To be developed.
9. Alberta's value-added industries will lead economic growth.	• Value-Added Industries	• Alberta's value-added industries will account for an increasing percentage of GDP.
10. Alberta will have effective and efficient infrastructure.	• Infrastructure Capacity	• To be developed.
11. Alberta will have a financially stable, open and accountable government.	• Cost of Government • Taxation Load • Provincial Credit Rating • Net Debt (Accumulated Debt)	• Remain 5 percent below the average of the other nine provinces. • Maintain the lowest tax load on persons and the lowest provincial income tax rate in Canada. • The highest credit rating among the provinces. • Eliminate net debt by 2009-10. (Fiscal Responsibility Act milestones).
12. Alberta will have a fair and safe work environment.	• Workplace Climate	• Minimize the amount of time lost owing to workplace disputes and injuries.
13. Alberta businesses will increase exports.	• Export Trade	• Increase exports to $39.6 billion by 2000.
Preservation		
14. Alberta will be a safe place to live and raise families.	• Crime Rate	• Reduce Alberta's crime rates below the national average by 2000.
15. Alberta's natural resources will be sustained.	• Resource Sustainability	• Prolong the reserve life of oil and gas; keep timber harvest below the annual allowable cut; increase crop yields to 0.98 tonnes per acre by 2000.
16. The high quality of Alberta's environment will be maintained.	• Air Quality • Water Quality • Land Quality	• Maintain air quality levels that are considered good or fair at all times. • Maintain river quality downstream of developed areas in line with upstream conditions. • Increase crop yields to 0.98 tonnes per acre by the year 2000.
17. Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.	• Heritage Appreciation	• 1.1 million visitors per annum to historic sites and museums. Targets to be developed for parks visitation and libraries, arts and recreation activities.
18. Alberta will work with other governments and maintain its strong position in Canada.	• Intergovernmental Relations.	• Maintain Alberta Government's public approval rating in federal-provincial relations equivalent to the average approval rating of four nearest provinces.

APPENDIX II

KEY CROSS-GOVERNMENT INITIATIVES

Initiative	Government Business Plan Goal	Ministry Champions	Strategies	Results/Targets
Current Priority Initiatives				
1. The Alberta Children's Initiative **Overall Goal:** Children will be well cared for, safe, successful at learning and healthy.	**Goal 2:** Our children will be well cared for, safe, successful at learning and healthy.	Children's Services Health and Wellness Learning	1. Articulate a direction within government to support children, including goals, outcomes, measures and accountability.	1. Engage community in dialogue on opportunities for collaboration including an annual forum on children; identify joint strategies, outcomes and measures by ministries that reflect the government's position in their ministry business plans; monitor and report on the progress and impact of the Children's Initiative.
			2. Establish integrated initiatives to improve support for children and families.	2. Implement Year 1 of 3-Year strategic plans on Fetal Alcohol Syndrome/Fetal Alcohol Effect, Children's Mental Health, Children with Special Health Needs in Schools, and Children Involved in Prostitution. Develop a conceptual framework for a 3-Year strategic plan on Early Childhood Development (Conception to Age 3).
			3. Establish an environment within government that supports integrated service delivery.	3. Develop Children's Initiative protocols and structure for decision-making, issue resolution and information sharing; and approaches for implementing joint initiatives. Support the operation of the new Child and Family Services Authorities.
2. Corporate Human Resource Development Strategy **Overall Goal:** To respond to demographic pressures, growing competition for scarce human resources and rapidly changing skills needs.	**Goal 7:** Our workforce will be skilled and productive.	Personnel Administration Office Environment Resource Development	1. Continue to implement department leadership continuity strategies.	1. All departments have initiated leadership continuity strategies and action plans to respond to client satisfaction survey feedback.
			2. Continue to foster mobility for executives and managers.	2. Maintain or increase the number of developmental moves for executive managers (36) and other managers (291) provided in 1998-99.
			3. Continue implementing learning and leadership development strategies for employees.	3. At least 75% of employees report they receive organizational support for their learning to meet current and future needs; departments provide supports and strategies for continuous learning (qualitative assessment).
			4. Continue to attract new graduates and experienced workers by promoting the Alberta public service as an attractive employer and using targeted recruitment strategies.	4. Maintain or increase the number of work experience, co-op and internship placements (395) provided in 1998-99.

Initiative	Government Business Plan Goal	Ministry Champions	Strategies	Results/Targets
3. Knowledge and Innovation **Overall Goal:** Knowledge and innovation in Alberta will be a catalyst for economic growth and quality of life.	**Goal 8:** Alberta businesses will be increasingly innovative.	Economic Development Innovation and Science Learning	1. Develop a Knowledge and Innovation strategy.	1. Develop a knowledge and innovation policy framework.
			2. Support Albertans in acquiring the knowledge and skills to participate in the innovation-based economy.	2. Double the number of post secondary entry places in information and communication technologies (ICT) over the next two years; develop an ICT program of study for secondary schools; implement the Joint Workforce Development initiative.
			3. Develop world-class research and development excellence.	3. Lever investment equal to twice the provincial government investment in research and development; develop a policy framework for building and sustaining research excellence at universities.
			4. Technology development, its adoption and emerging industries will become an increasingly important component of the Alberta economy.	4. Implement sector strategies (forestry and ICT) and develop new strategies (biotechnology and healthcare products and services); increase value added agricultural production; maintain lowest provincial business tax load.
			5. Enhance ability of the Alberta Public Service to foster innovation in society.	5. Implement the Corporate Human Resource Development Strategy, a government IT strategy, and "Alberta On-Line"; develop consensus-based technology strategy on climate change; increase the number of departments using E-commerce.
4. Capital Planning **Overall Goal:** Implement initiatives to ensure effective, innovative capital planning and funding decisions.	**Goal 10:** Alberta will have effective and efficient infrastructure. **Goal 11:** Alberta will have a financially stable, open and accountable government.	Infrastructure Treasury	1. Provide an annual Corporate Capital Overview to government to facilitate planning and priority setting on physical infrastructure programs and information technology.	1. Ministries work together to deliver the Capital Corporate Overview for input into the 2000-03 business plan process.
			2. Review budgeting policies for multi-year infrastructure.	2. Develop a report identifying issues and options for multi-year infrastructure budgeting.
			3. Improve planning and priority setting by implementing effective independently verifiable infrastructure management systems within ministries, and jointly developing common key performance measures.	3. Identify components of an effective, independently verifiable infrastructure management system; have such systems in place or in development in half of ministries; use such systems to support 75% of owned and 30% of supported infrastructure spending. Identify common key performance measures; develop 75% of such measures.
			4. Ensure effective, innovative management of physical infrastructure.	4. Ministries share experience and develop frameworks for assessing private sector provision and divestitures/alternate uses of underused infrastructure; Ministry business plans include initiatives for effective, innovative infrastructure management.

Key Initiatives Being Monitored

The following initiatives were included as part of the four priority cross government initiatives for the 1998-2001 business planning cycle. These initiatives were developed and implemented during the previous fiscal year. Continued implementation of these initiatives will be monitored on an ongoing basis.

- **Shared Services Initiative**
- **People and Prosperity: A Human Resource Strategy for Alberta**

APPENDIX III

Summary of Related Ministry Perfomance Measures

Each government ministry has a set of key performance measures that are reported in their annual reports released each fall. These measures provide information on results achieved in ministry programs and services, and provide further understanding of the results reported in *Measuring Up*. This appendix lists those key related ministry measures that most closely support the government goals outlined in the *Government Business Plan*.

People	
Government Goals/Core Measures	**Related Key Ministry Measures**
Goal 1 - Albertans will be healthy.	
• **Life Expectancy at Birth** • **Health Status**	• Provincial rate of injury deaths including suicide (HW) • Percent of Albertans who do not smoke (HW) • Albertan's self-reported rating of their own health (HW) • Childhood immunization coverage (HW) • Person-days lost to workplace injury or disease (HRE) • Percent of population participating in sport, recreation and physical activity (CD)
Goal 2 - Our children will be well cared for, safe, successful at learning and healthy.	
• **Economic Status of Children**	• Percentage of children who stay free from abuse or neglect while receiving child protective services (CS) • Percentage of low birth weight newborn babies (HW) • Amount collected by Maintenance Enforcement as a proportion of the amount the program can collect (JUS)

Abbreviation of Ministry Names:

AEDA	Alberta Economic Development Authority
AFRD	Agriculture, Food and Rural Development
CD	Community Development
CS	Children's Services
ED	Economic Development
ENV	Environment
GAMING	Gaming
GS	Government Services
HRE	Human Resources and Employment
HW	Health and Wellness
IIR	International and Intergovernmental Relations
INFRA	Infrastructure
IS	Innovation and Science
JUS	Justice
LEARN	Learning
MA	Municipal Affairs
NADC	Northern Alberta Development Council
PAB	Public Affairs Bureau
PAO	Personnel Administration Office
RD	Resource Development
TREAS	Treasury

Summary of Related Ministry Performance Measures

People – continued	
Government Goals/Core Measures	**Related Key Ministry Measures**
Goal 3 - Alberta students will excel.	
Educational Attainment	Percentage of students who received a high school diploma or certificate or enter post-secondary studies within six years of entering grade 9 (LEARN) Participation of Albertans age 17 and over in credit and non-credit programs and courses (LEARN) Provincial achievement tests (LEARN) Provincial diploma examinations (LEARN) Parent, student and public overall satisfaction with the quality of education (LEARN) Employment status of Alberta post-secondary graduates (LEARN)
Goal 4 - Albertans will be independent.	
Literacy and Numeracy Levels **Family Income Distribution**	Parent, student and public overall satisfaction with quality of education (LEARN) Proportion of Employment Initiative Graduates not receiving welfare benefits 12 months after graduation or placement (HRE)
Goal 5 - Albertans not able to support themselves fully will receive help.	
Albertans Needing Help	Percentage of eligible seniors receiving the Alberta Seniors Benefit (CD) Percent of persons with developmental disabilities experiencing an enhanced quality of life (HW)

Summary of Related Ministry Performance Measures

APPENDIX III

Prosperity

Government Goals/Core Measures	Related Key Ministry Measures
Goal 6 - Alberta will have a prosperous economy.	
• **Gross Domestic Product** • **Job Growth**	• Manufacturing and service industry investment (ED) • Manufacturing shipments (ED) • Employment growth (ED) • Contribution to provincial GDP (AFRD) • Alberta food and beverage industries' value of shipments (AFRD) • Percentage of collective bargaining negotiations which avoid work stoppage (HRE) • Alberta Research Council economic impact (IS) • Provincial taxation load on business (TREAS) • Investment capital raised in Alberta (TREAS) • Volume of primary resources that undergo secondary processing in Alberta (RD)
Goal 7 - Our workforce will be skilled and productive.	
• **Skill Development**	• Overall employment rate of participants in employment training and job placement programs (HRE) • Public satisfaction indicator (LEARN) • Percentage of Alberta employers satisfied with public post-secondary system (LEARN) • Employment status of Alberta post-secondary graduates (LEARN)
Goal 8 – Alberta businesses will be increasingly innovative.	
• **Business Innovation**	• Research and development investment in Alberta by source (IS) • Alberta Research Council economic impact (IS)
Goal 9 – Alberta's value added industries will lead economic growth.	
• **Value-Added Industries**	• Alberta food and beverage industries' value of shipments (AFRD) • Manufacturing and service exports (ED) • Volume of primary resources that undergo secondary processing in Alberta (RD)

Summary of Related Ministry Performance Measures

APPENDIX III

Prosperity – continued

Government Goals/Core Measures	Related Key Ministry Measures
Goal 10 – Alberta will have effective and efficient infrastructure.	
• **Infrastructure Capacity**	• Primary highway pavement condition (INFRA) • Traffic capacity on rural primary highways (INFRA) • Secondary highway pavement condition (INFRA) • Effectiveness of water and wastewater treatment facilities (INFRA) • Operating cost per square metre (INFRA) • Natural gas pipeline capacity (RD)
Goal 11 – Alberta will have a financially stable, open and accountable government.	
• **Cost of Government** • **Taxation Load** • **Provincial Credit Rating** • **Accumulated Debt**	• Alberta's credit rating (TREAS) • Provincial tax load on businesses (TREAS) • Return on investment compared to cost of debt (TREAS) • Total cost of debt (TREAS) • Net/accumulated debt (TREAS) • Taxation load on a family of four (TREAS) • Public satisfaction with government information (PAB)
Goal 12 – Alberta will have a fair and safe work environment.	
• **Workplace Climate**	• Number of complaints registered with Employment Standards for investigations (HRE) • Satisfaction of Albertans with human rights protection (CD)
Goal 13 – Alberta businesses will increase exports.	
• **Export Trade**	• Manufacturing and service exports (ED) • Value of out-of-province shipments of agriculture and food products (AFRD)

Summary of Related Ministry Performance Measures

APPENDIX III

Preservation

Government Goals/Core Measures	Related Key Ministry Measures
Goal 14 - Alberta will be a safe place to live and raise families.	
• **Crime Rate**	• Public perception of safety (JUS) • Victimization rates (JUS) • Public satisfaction with the justice system (JUS) • Satisfaction of Albertans with human rights protection (CD) • Incidence of food safety problems (AFRD)
Goal 15 - Alberta's natural resources will be sustained.	
• **Resource Sustainability**	• Timber sustainability (ENV) • Land productivity indicator (AFRD) • Reduction of municipal solid waste to landfills (ENV) • Species at risk (ENV)
Goal 16 - The high quality of Alberta's environment will be maintained.	
• **Air Quality** • **Water Quality** • **Land Quality**	• Air quality index (ENV) • Surface water quality index (ENV) • Pulp production versus the amount of biochemical oxygen demand discharged (ENV) • Effectiveness of water and wastewater treatment facilities (INFRA) • Land productivity indicator (AFRD)
Goal 17 -Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.	
• **Heritage Appreciation**	• Knowledge gained by visitors to provincial historic sites, museums and interpretative centres (CD) • Areas of parks and natural reserves in Alberta (ENV) • Parks visitation (ENV)
Goal 18 - Alberta will work with other governments and maintain its strong position in Canada.	
• **Intergovernmental Relations**	• International and Intergovernmental Relations client survey (IIR) • Record of key intergovernmental and Aboriginal affairs achievements (IIR)

Cross Government Initiatives

In the 1999-2002 Government Business Plan (GBP), a new section outlined four key cross-government initiatives that were underway or planned for the next 3 years (reference Appendix II of this report). The initiatives presented were:

1. The Alberta Children's Initiative
2. Corporate Human Resource Development Strategy
3. Knowledge and Innovation
4. Capital Planning

Every year, the government will choose four cross-government initiatives for inclusion in the GBP to highlight the fact that many of the pressures and challenges we face require a corporate focus to address them effectively.

This appendix presents the results of our efforts in these four areas this past year.

Cross Government Initiatives

APPENDIX IV

ALBERTA CHILDREN'S INITIATIVE: AN AGENDA FOR JOINT ACTION

The *Alberta Children's Initiative: An Agenda for Joint Action* was designed to provide the Alberta government and its ministries with a clear vision, expected outcomes, and a policy framework which would support the healthy development of Alberta's children. This is the second year of implementation for this cross-government initiative which has set a goal to ensure that "Children are safe, well cared for, successful at learning, and healthy." (GBP Goal 2)

In November 1998, when Government of Alberta ministries signed the Agenda for Joint Action, they made a commitment to put children and young people first by partnering with members of the community to create and maintain safe and supportive environments where children can thrive. They decided to search for new and better ways of working together to plan and coordinate services for children, strengthen Alberta communities, and share joint accountability for the successful achievement of their overall goal for Alberta children.

In 1997, the Integration Sub-Committee of the Council of Regions comprised of community members recognized that if they were going to realize their visions and strategies for healthy outcomes for children, several things had to happen. The committee recognized a need for:

- an integrated approach by ministries;
- better coordination of goals and strategies;
- improved service delivery and more efficient use of existing resources, and
- mechanisms to support joint decision making and accountability.

For the Alberta Children's Initiative, joint action between a variety of public and private sector groups and action within the community is essential. On the facing page are three major strategies identified for the 1999-2000 implementation year, along with the various targets that were set and results achieved.

A more comprehensive report detailing results to date will soon be released.

Cross Government Initiatives

APPENDIX IV

GOAL: **ENSURE THAT CHILDREN ARE SAFE, WELL CARED FOR, SUCCESSFUL AT LEARNING, AND HEALTHY**

Strategy: **Articulate a direction within government to support children, including goals, outcomes, measures, and accountability.**

TARGET	RESULTS
Engage in ongoing dialogue through a provincial forum by October 1999 and informal consultations by June 2000	Provincial Forum held October 1999
Identify relevant joint strategies by ministries by December 1999	Children's initiative included in business plans of partnering ministries for 2000 – 2003
Refine performance measures and indicators by January 2000	Revised set of performance measures approved by partnering deputies November 1999

Strategy: **Establish intersectoral initiatives to improve supports and resources for children and families in areas identified as priorities.**

TARGET	RESULTS
Student Health Initiative implemented by 1999-2000 school year	25 Student Health partnerships formed for the 1999-2000 school year and their Joint Service Plans implemented
Support for year 2 of three-year plan for Fetal Alcohol Syndrome (FAS) initiative	Implementation of a comprehensive FAS/FAE strategic plan developed by multiple partners to address prevention and care of those affected
Develop initiatives to support health child and youth development	Framework for development initiatives in place

Strategy: **Establish an operational environment within government that supports integrated service delivery.**

TARGET	RESULTS
Identify various methods for development of joint initiatives at various government levels	Inter-ministerial process for dispute resolution for children with complex needs explored; working group established to take advantage of opportunities emerging through the National Children's Agenda

Cross Government Initiatives

APPENDIX IV

CORPORATE HUMAN RESOURCE DEVELOPMENT STRATEGY

This initiative supports GBP Goal 7 - "Our workforce will be skilled and productive".

In 1997, the Public Service emerged from a period of major realignment and change. Deputy ministers recognized that these changes brought new issues that needed to be addressed, including the loss of almost 9,000 salaried employees, an aging staff, competition for scarce human resources, and rapidly changing skills needs.

Their response to these challenges was to initiate the Corporate Human Resource Development Strategy. The strategy promotes continuous learning and leadership development, and seeks to attract and retain new graduates and skilled employees.

Success for the 1999-2000 period was measured through performance indicators focused on leadership continuity, management mobility, learning and development, and promoting the Alberta public service as an attractive employer.

The facing page identifies these strategies, targets that were set, and results achieved.

Cross Government Initiatives

APPENDIX IV

GOAL: **RESPOND TO DEMOGRAPHIC PRESSURES, GROWING COMPETITION FOR SCARCE HUMAN RESOURCES AND RAPIDLY CHANGING SKILLS NEEDS.**

Strategy: **Continue to implement ministry leadership continuity strategies.**

TARGET	RESULTS
All ministries have initiated leadership continuity plans	10 ministries are implementing leadership continuity plans 9 ministries are developing new plans as a result of the reorganization
All ministries have initiated action plans to respond to client satisfaction survey feedback	2 ministries are initiating action plans 14 ministries are implementing action plans 3 ministries will re-survey as a result of the reorganization

Strategy: **Continue to foster mobility for executives and managers.**

TARGET	RESULTS
36 executive managers with developmental moves 291 other managers with developmental moves	72 executive managers had developmental moves 340 other managers had developmental moves

Strategy: **Continue implementing learning and leadership development strategies for employees.**

TARGET	RESULTS
75 % of employees report they receive support for learning needs Target revised during the year to: 74 - 76% of employees report they receive support for learning to meet current needs 67-69% of employees report they receive support for learning to meet future needs.	72% of employees (74% of employees unaffected by the government reorganization) report they receive learning support to meet current needs 64% of employees (67% of employees unaffected by the government reorganization) report they receive learning support to meet future needs
Qualitative measurement of ministries' support for continuous learning according to their own cultures and needs	All ministries provided financial support, ensured employees were accountable for learning, and have processes in place to foster employee learning

Strategy: **Continue to attract new graduates and experienced workers by promoting the Alberta public service as an attractive employer and using targeted recruitment strategies.**

TARGET	RESULTS
395 opportunities to be provided for work experience, co-op and internship placements	529 student placements: - 252 work experience/co-op - 150 internship - 127 apprenticeship or other

Cross Government Initiatives

APPENDIX IV

KNOWLEDGE AND INNOVATION INITIATIVE

This initiative relates to GBP Goal 8 - "Alberta businesses will be increasingly innovative".

The nature of business and the economy is changing. Alberta's future economic competitiveness and quality of life depends upon developing high quality programs and systems which foster knowledge and innovation. The Alberta government is a key partner in achieving this type of economy. With this in mind, the *Knowledge and Innovation Initiative* was approved by Cabinet in February 1999.

A decision was made that, rather than only focusing on completing strategies, 1999-2000 would be considered a developmental year when ministries would identify those current activities that align with the initiative's directions.

For the *Knowledge and Innovation Initiative*, five strategies were identified for the period from April 1999 to January 2000, and reflect input from 18 departments.

Work on the *Knowledge and Innovation Initiative* has been concluded. The original objectives that deputy ministers set have been achieved by the recognition that the initiative is an integrated component of the '*Get Ready Alberta*' economic strategy and the achievement of targets which nurture the culture of knowledge and innovation in the province.

The following identifies these strategies, targets that were set, and the results achieved.

GOAL: **KNOWLEDGE AND INNOVATION IN ALBERTA WILL BE A CATALYST FOR ECONOMIC GROWTH AND IMPROVED QUALITY OF LIFE.**

Strategy: **Develop a high-level strategy for knowledge and innovation.**

TARGET	RESULTS
Knowledge and innovation policy framework approved by January 2000	Decision made to integrate knowledge and innovation concepts into the Alberta economic strategy

Strategy: **Support Albertans in acquiring the knowledge and skills required to be participants in the knowledge-based economy.**

TARGET	RESULTS
Double the number of post-secondary entry places in information and communications technology (ICT) in next two years	Access Fund will result in an additional 1,800 ICT graduates, double the number in 1998
ICT program of studies developed for secondary schools	Completed; will be phased in starting in 2000-01
Career, labour market and workplace information visits meet targets: Career Centres 238,000 visits; Youth Connections 13,000; Alberta Learning Information Service (ALIS) website 450,000 visits	Career Centres 250,000 visits; Youth Connections 15,000 to date; ALIS 400,000 to date

Cross Government Initiatives

APPENDIX IV

Strategy: Develop world-class research and development capability.

TARGET	RESULTS
Lever total investment to twice the provincial government funding in R and D by January 2000	Target exceeded - $500M Alberta Heritage Foundation for Science and Engineering Research - $21.9M for projects under Science and Research Fund - $24M approved under the Intellectual Infrastructure Partnership Program - $3M spent on research by Environment. Co-funding by partners is estimate to be nearly $12M. - $40M investment resulting from the Western Economic Partnership, shared 50:50 between Alberta and the federal government.

Strategy: Technology development, its adoption and emerging industries, will become an increasingly important component of the Alberta economy.

TARGET	RESULTS
New sector strategies for aerospace, biotechnology, healthcare products and services by January 2000	Consultation underway for endorsement of Healthcare Products and Services Sector Strategy/aerospace strategy ratified by the Alberta Aerospace Association's Board
Adding value in Alberta's three natural resource sectors; agriculture, forestry and energy products	- capital investment increased by 23% between 1998 and 1999 - employment in value-adding processing industries increased 14% during the past five years - GDP from value-adding industries increased 38% during the past five years.

Strategy: Enhance the ability of the Alberta Public Service to foster innovation in society by the way it does business.

TARGET	RESULTS
Implement Alberta On-Line access to facilitate single point electronic service to Land Ttitles, Personal Property and Corporate Registry systems	Target met June 1999
Implement government-wide Information and Technology Strategy during 1999-2000	Corporate ICT strategy currently under development
Implement Corporate Human Resource Development Strategy (CHRDS) Results to within 5% of Strategy targets	In a year when many employees were affected by government reorganization, positive results were achieved on the CHRDS, meeting six of seven targets

Cross Government Initiatives

APPENDIX IV

CAPITAL PLANNING INITIATIVE

This initiative relates to GBP Goal 10 - "Alberta will have effective and efficient infrastructure", and GBP Goal 11 - "Alberta will have a financially stable, open and accountable government".

Aging facilities and growth pressures in Alberta have created an increasing demand for funding for major physical infrastructure such as roads, buildings, and dams. Resolving this issue is no easy task since any new spending must be targeted to the highest priority needs and based on what's affordable over the long term.

In November 1997, the Capital Investment Planning Committee (CIPC), consisting of MLAs and private sector representatives, was formed to recommend a provincial capital-planning strategy to address these problems.

Government accepted the committee's recommendations for:

- improved collection and presentation of data;
- an improved budgetary framework for managing multi-year projects;
- effective management of infrastructure using the private sector where appropriate, and
- divesting infrastructure that is no longer required for government purposes.

For the Capital Planning Initiative, four strategies were identified in the 1999-2002 Government Business Plan, relating to specific recommendations in the CIPC report.

The facing page identifies these strategies, targets that were set, and the results achieved.

Cross Government Initiatives

APPENDIX IV

GOAL: **IMPLEMENT INITIATIVES TO ENSURE EFFECTIVE, INNOVATIVE CAPITAL PLANNING AND FUNDING DECISIONS.**

Strategy: **Provide an annual corporate capital overview to government to facilitate planning and priority setting on physical infrastructure programs and information technology.**

TARGET	RESULTS
Deliver overview of programs for physical infrastructure and information technology in spring 1999; update in fall 1999	Overview presented to Treasury Board July 1999; fall overview developed as part of the business planning/ budgeting process

Strategy: **Review budgeting policies and practices for multi-year infrastructure programs and projects.**

TARGET	RESULTS
Prepare report on issues and options for multi-year infrastructure budgeting by December 1999	Budgeting policies and practices reviewed and options presented; changes in existing policy and legislative framework have been implemented to increase flexibility

Strategy: **Improve planning and priority setting by implementing effective, independently verifiable infrastructure management systems (IMS) within ministries, and by jointly developing common key performance measures.**

TARGET	RESULTS
Identify components of such an IMS system	Guidelines for IMS developed, demonstrations of leading edge IMS systems made
Ensure 50 % of ministries have such system in place or in development by year end	75% of ministries with responsibility for infrastructure have system in place or in development
Use systems to support 75% of spending on owned infrastructure, 30% of spending on supported infrastructure by year end	IMS systems currently support 80% of spending on owned infrastructure and 30% of spending on supported infrastructure
Identify common key performance measures by Sept 1999	Key measures developed for condition, utilization and functionality
Develop baseline data for 75% of owned infrastructure by year end for inclusion in Overview in spring 2000	Baseline data collected for more than 75% of owned infrastructure
Develop a strategy for review and coordination of government-wide IMS	Strategy developed

Strategy: **Ensure effective, innovative management of physical infrastructure.**

TARGET	RESULTS
Develop a framework for assessing private sector provision by June 1999	Framework developed
Develop framework for assessing divestitures and alternate uses	Infrastructure ministry established task force to dispose of $100 million in surplus property

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